NOTICE TO INVESTORS

ALTICE FRANCE S.A.

Dated January 22, 2020

January 22, 2020 – Altice France S.A. (the "**Company**"), has announced that it proposes to issue €500 million in aggregate principal amount of senior secured notes (the "**Senior Secured Notes**"), and its subsidiary, Ypso Finance Bis S.A. ("**Ypso Finance**", and together with the Company, the "**Companies**"), proposes to issue €1,608 million (equivalent) in aggregate principal amount of senior notes (the "**Senior Notes**" and together with the Senior Secured Notes, the "**Notes**" or the "**Proposed Financing**"). The proceeds of the Proposed Financing will be used to finance the Transactions (as defined herein).

The information contained in this Notice will, among other information, be disclosed in connection with the Proposed Financing.

This Notice may contain certain information that constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. We disclaim any obligation to update or revise any forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

THIS NOTICE IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE OR FORM A PART OF ANY OFFER OR SOLICITATION TO PURCHASE OR SUBSCRIBE FOR SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION. THE INFORMATION CONTAINED IN THIS NOTICE DOES NOT CONSTITUTE A PROSPECTUS OR ANY OTHER OFFERING DOCUMENT, NOR DOES IT CONSTITUTE OR FORM PART OF ANY INVITATION OR OFFER TO PURCHASE, SELL OR SUBSCRIBE FOR, OR ANY SOLICITATION OF ANY SUCH OFFER TO PURCHASE, SELL OR SUBSCRIBE FOR, ANY SECURITIES OF THE COMPANIES OR ANY OF THEIR AFFILIATES NOR SHALL SUCH INFORMATION BE RELIED ON FOR THE COMMENCING OF ANY ACTIONS IN RELATION TO THE SECURITIES OF THE COMPANIES OR ANY OF THEIR AFFILIATES.

Unless otherwise stated or the context otherwise requires, the terms "Group", "we", "us" and "our" as used in this Notice refers to the Companies and their subsidiaries.

CERTAIN DEFINITIONS

Unless otherwise stated or the context otherwise requires, the terms "Group", "we", "us" and "our" as used in this Notice refers to (x) prior to the consummation of the Automatic Exchange, Altice France and its subsidiaries and (y) following the consummation of the Automatic Exchange, the Altice France HoldCo and its subsidiaries. Definitions of certain terms and certain financial and operating data can be found below. For explanations or definitions of certain technical terms relating to our business as used herein, see "*Glossary*" on page G-1 of this Notice.

"2019 Hivory Senior Revolving Facilities".. has the meaning ascribed to such term in "*Description of Indebtedness–2019 Hivory Senior Revolving Facilities*".

**"ACS"..... ** Altice Customer Services S.à r.l., a private limited liability company (société à responsabilité limiteé) organized under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 210 139, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg, which is the sole shareholder of Intelcia Group S.A., a public limited liability company (société anonyme) organized under the laws of Morocco, and its subsidiaries.

**"AENS" ..... ** Altice Entertainment News & Sport S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg registered with the Luxembourg Trade and Companies Register under Number B 170 036, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg, and a subsidiary of Altice TV.

**"AENS Contract Renegotiation" ..... ** has the meaning ascribed to such term in "*Certain Relationships and Related Party Transactions—Transactions with Altice TV*".

**"Altice B2B France" ..... ** Altice B2B France is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*registre du Commerce et des Sociétés*) under sole identification number 499 662 757.

**"Altice Blue Two" ..... ** Altice Blue Two is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*registre du Commerce et des Sociétés*) under sole identification number 793 618 000.

**"Altice Europe" ..... ** Altice Europe N.V. (formerly known as Altice N.V. and Altice S.A.), a public company with limited liability (*naamloze vennootschap*) incorporated and existing under the laws of The Netherlands, registered with the Dutch Trade Registry under number 63329743 and having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands, and its subsidiaries, unless the context otherwise requires.

**"Altice Europe Group" ..... ** Altice Europe and its consolidated subsidiaries.

**"Altice France"..... ** Altice France S.A. (formerly known as SFR Group S.A. and Numericable-SFR S.A.) is a French *société anonyme* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*registre du Commerce et des* Sociétés) under sole identification number 794 661 470.

"Altice Group Lux" ..... Altice Group Lux S.à r.l., a private limited liability company (*société à responsabilité limiteé*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 202171, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

"Altice Lux" ..... Altice Luxembourg S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 197134, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

"Altice Lux Bis" ..... Altice Luxembourg FR Bis S.à r.l. (formerly known as Altice France Bis S.à r.l.), a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 196532, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

"Altice France Holding" ..... Altice France Holding S.A. (formerly known as Altice Luxembourg FR S.A.), a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B135296, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

"Altice International" ..... Altice International S.à r.l., a private limited liability company (*société à responsabilité limitée*) organized under the laws of the Grand Duchy of Luxembourg, formerly known as Altice VII S.à r.l. and registered with the Luxembourg Trade and Companies Register under Number B 143725, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

"ATS France" ..... the consolidated French operations of Altice Technical Services S.A. (formerly Parilis S.A.), a public limited liability company (société anonyme) organized under the laws of the Grand Duchy of Luxembourg, and its subsidiaries.

"Altice TV" ..... a subsidiary of Altice Europe which, together with its subsidiaries, encompasses Altice Europe's content distribution division.

"Altice USA" ..... Altice USA, Inc., a public company incorporated under the laws of Delaware and an affiliate of Altice Europe.

"ARCEP" ..... *Autorité de Régulation des Communications Electroniques et des Postes*, the French regulatory authority for electronic and postal communications.

"Authority" ..... The International Stock Exchange Authority Limited.

"Clearstream" ..... Clearstream Banking, *société anonyme*.

"Companies" ..... (x) prior to the consummation of the Automatic Exchange, collectively Ypso Finance and the Company and (y) following the consummation of the Automatic Exchange, collectively the Company and the Altice France HoldCo.

"Company " ..... Altice France S.A. (formerly known as SFR Group S.A. and Numericable-SFR S.A.) is a French *société anonyme* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris,

France, registered with the Paris Trade and Companies Register (*registre du Commerce et des* Sociétés) under sole identification number 794 661 470.

"Completel" ..... Completel is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*registre du Commerce et des* Sociétés) under sole identification number 418 299 699.

"Dividends" ..... has the meaning ascribed to such term under "*Certain Relationships and Related Party Transactions—Transactions with Altice Europe—Recent Dividends and Intercompany Loans*".

"Dollar HoldCo Senior Notes" ..... the aggregate principal amount of Altice France HoldCo's HoldCo Senior Notes due 2028 to be issued in exchange for an equal aggregate principal amount of Dollar Senior Notes pursuant to the Automatic Exchange, if it occurs.

"Dollar Senior Notes" or "Dollar Notes"..... the aggregate principal amount of Ypso Finance's senior notes due 2028.

"DTC" ..... The Depository Trust Company.

"ERISA"..... the U.S. Employee Retirement Income Security Act of 1974, as amended.

"EU" ..... the European Union.

"euro", "EUR" or "€" ..... the euro, the currency of the EU member states participating in the European Monetary Union.

"Euro HoldCo Senior Notes" ..... The aggregate principal amount of Altice France HoldCo's HoldCo Senior Notes due 2028 issued in exchange for an equal aggregate principal amount of Euro Senior Notes pursuant to the Automatic Exchange, if it occurs.

"Euro Notes"..... collectively, the Euro Senior Notes and the Senior Secured Notes.

"Euro Senior Notes"..... The aggregate principal amount of Ypso Finance's senior notes due 2028.

"Euro Paying Agent" ..... Deutsche Bank AG, London Branch.

"Euro Registrar" ..... Deutsche Bank Trust Company Americas.

"Euro Transfer Agent" ..... Deutsche Bank AG, London Branch.

"Euroclear"..... Euroclear Bank S.A./N.V., as operator of the Euroclear system.

"EEA"..... the trading area established by the European Economic Area Agreement of January 1, 1994, comprising the member states of the EU (currently, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom) and Norway, Iceland and Liechtenstein.

"Exchange" ..... The International Stock Exchange.

"Existing 2025 Altice Lux Dollar Notes" ..... the $1,480 million outstanding aggregate principal amount of $7^{3}/_{5}$% Senior Notes due 2025, issued by Altice Lux on February 4, 2015, which are expected to be redeemed in full in connection with the Transactions. See "*Summary—The Transactions.*"

"Existing 2025 Altice Lux Euro Notes" ..... the €750 million outstanding aggregate principal amount of $6^{1}/_{4}$% Senior Notes due 2025, issued by Altice Lux on February 4, 2015, which are expected to be redeemed in full in connection with the Transactions. See "*Summary—The Transactions.*"

"Existing 2027 Altice Lux Dollar Notes" ..... the $1,600 million outstanding aggregate principal amount of $10^{1}/_{2}$% Senior Notes due 2027, issued by Altice Lux on May 3, 2019, which are expected to be offered to be exchanged in the Proposed Exchange Offer. See "*Summary—The Transactions.*"

"Existing 2027 Altice Lux Euro Notes" ..... the €1,400 million outstanding aggregate principal amount of 8% Senior Notes due 2027, issued by Altice Lux on May 3, 2019, which are expected to be offered to be exchanged in the Proposed Exchange Offer. See "*Summary—The Transactions.*"

"Existing 2025 Altice Lux Notes" ..... collectively, the Existing 2025 Altice Lux Dollar Notes and the Existing 2025 Altice Lux Euro Notes.

"Existing 2025 Altice Lux Notes Redemption" ..... the redemption of the Existing 2025 Altice Lux Notes in full with the proceeds of the Notes.

"Existing 2027 Altice Lux Notes" ..... collectively, the Existing 2027 Altice Lux Dollar Notes and the Existing 2027 Altice Lux Euro Notes.

"Existing 2027 Altice Lux Notes Redemption" ..... has the meaning ascribed to such term under "*Summary—Recent Developments—September 2019 Refinancing Transactions.*"

"Existing 2024 Senior Secured Dollar Notes" ..... the $815,000,000 outstanding aggregate principal amount of $6^{1}/_{4}$% Senior Secured Notes due 2024, issued by Altice France on May 8, 2014, which were redeemed in full in connection with the September 2019 Issuance. See "*Summary—Recent Developments—September 2019 Refinancing Transactions.*"

"Existing 2024 Senior Secured Euro Notes" the €750,000,000 outstanding aggregate principal amount of $5^{5}/_{8}$% Senior Secured Notes due 2024, issued by Altice France on May 8, 2014, which were redeemed in full in connection with the September 2019 Issuance. See "*Summary—Recent Developments—September 2019 Refinancing Transactions.*"

"Existing 2024 Senior Secured Notes" ..... collectively, the Existing 2024 Senior Secured Dollar Notes and the Existing 2024 Senior Secured Euro Notes.

"Existing 2024 Senior Secured Notes Redemption" ..... has the meaning ascribed to such term under "*Summary—Recent Developments—September 2019 Refinancing Transactions.*"

"Existing 2025 Senior Secured Notes" ..... the €550 million aggregate principal amount of $2^{1}/_{2}$% Senior Secured Notes due 2025, issued by the Company on September 27, 2019.

"Existing 2026 Senior Secured Notes" ..... the $5,190,000,000 aggregate principal amount of $7^{3}/_{8}$% Senior Secured Notes due 2026, issued by the Company on April 11, 2016.

"Existing 2027 Senior Secured Dollar the $1,750 million aggregate principal amount of $8^{1}/_{8}$% Senior

Notes" ..... Secured Notes due 2027, issued by the Company on July 31, 2018.

"Existing 2027 Senior Secured Euro Notes" the €1,000 million aggregate principal amount of $5^{7}/_{8}$% Senior Secured Notes due 2027, issued by the Company on July 31, 2018.

"Existing 2027 Senior Secured Notes" ..... collectively, the Existing 2027 Dollar Notes and the Existing 2027 Euro Notes.

"Existing 2028 Senior Secured Dollar Notes" ..... the $1,100 million aggregate principal amount of $5^{1}/_{2}$% Senior Secured Notes due 2028, issued by the Company on September 27, 2019.

"Existing 2028 Senior Secured Euro Notes" the €1,000 million aggregate principal amount of $3^{3}/_{8}$% Senior Secured Notes due 2028, issued by the Company on September 27, 2019.

"Existing Dollar Senior Secured Notes" ..... collectively, the Existing 2026 Senior Secured Notes, the Existing 2027 Senior Secured Dollar Senior Secured Notes and the Existing 2028 Dollar Senior Secured Notes.

"Existing Euro Senior Secured Notes" ..... collectively, the Existing 2025 Senior Secured Notes, the Existing 2027 Senior Secured Euro Notes and the Existing 2028 Senior Secured Euro Notes.

"Existing Senior Secured Indebtedness" ..... the Existing Senior Secured Notes, any borrowings under the Existing Revolving Credit Facilities from time to time and the Existing Term Loans, collectively.

"Existing Senior Secured Notes" ..... collectively, the Existing 2025 Senior Secured Notes, the Existing 2026 Senior Secured Notes, the Existing 2027 Senior Secured Notes and the Existing 2028 Senior Secured Notes.

"Existing Senior Secured Indentures" ..... collectively, the indentures governing the Existing Senior Secured Notes, in each case, as amended, restated, supplemented or otherwise modified from time to time.

"Existing Revolving Credit Facilities Agreement" ..... the revolving credit facilities agreement, dated on or about May 8, 2014, among, *inter alios*, the Company and the security agent party thereto, as amended, restated, supplemented or otherwise modified from time to time.

"Existing Revolving Credit Facilities" ..... the revolving credit facilities made available under the Existing Revolving Credit Facilities Agreement.

"Existing Term Loans" ..... the various term loans established under the Existing Term Loans Agreement. See "*Description of Indebtedness—Term Loans*" for further information.

"Existing Term Loans Agreement" ..... the term loan agreement, dated May 8, 2014, among, *inter alios*, the Company, Ypso France S.A.S. and Numericable U.S. LLC as borrowers, the lenders from time to time party thereto and Deutsche Bank AG, London Branch as facility agent and security agent, as supplemented by way of the incremental loan assumption agreements dated July 20, 2015 and October 14, 2015, and as amended by the first amendment to term loan credit agreement dated November 10, 2015, the second amendment to term loan credit agreement dated April 7, 2016, the third amendment to term loan credit agreement dated June 21, 2016, the fourth amendment to term loan credit agreement dated November 14, 2016, the fifth amendment to term loan credit agreement dated April 18, 2017 and the sixth amendment

to term loan credit agreement dated October 31, 2017, the seventh amendment to term loan credit agreement dated August 14, 2018 and the eighth amendment to term loan credit agreement dated August 14, 2018, and as further amended, restated, supplemented or otherwise modified from time to time.

"Existing Term Loans Borrowers" ..... has the meaning ascribed to such term in the section entitled "*Description of Indebtedness—Existing Term Loans*."

"FOT Acquisition" ..... the acquisition of the FOT Business by the Company from Altice International on October 31, 2018.

"FOT Business" ..... Altice Europe's operations in the French Overseas Territories.

"French Guarantors" ..... each Guarantor incorporated under the laws of France.

"Group" ..... (x) prior to the consummation of the Automatic Exchange, the Company and its subsidiaries and (y) following the consummation of an Automatic Exchange, the Altice France HoldCo and its subsidiaries.

"Guarantees" ..... collectively the Senior Secured Guarantees and the Senior Subordinated Guarantee.

"Guarantors" ..... collectively the Senior Secured Guarantors and the Senior Subordinated Guarantor.

"Hivory" ..... Hivory is a French a *société par actions simplifiée* having its registered office at 124, Boulevard de Verdun, 92400 Courbevoie, France registered with the Nanterre Trade and Companies Registry (*Registre du Commerce et des Sociétés*) under number sole identification number 838 867 323, and which is consolidated in the results of the Company.

"HoldCo Intercreditor Agreement" ..... the intercreditor agreement to be dated as of the Automatic Exchange Date, among, *inter alios*, the Altice France HoldCo and the security agent party thereto, as amended, restated, supplemented or otherwise modified from time to time.

"**HoldCo Revolving Credit Facility**" ..... as defined and described under "*Summary—HoldCo Revolving Credit Facility*".

"HoldCo Senior Indenture" ..... the indenture, to be entered into on or about the date of the Automatic Exchange, governing the HoldCo Senior Notes, among, *inter alios*, the Altice France HoldCo, the Trustee and the Security Agent.

"HoldCo Senior Notes" ..... collectively, the Dollar HoldCo Senior Notes and the Euro HoldCo Senior Notes.

"IFRS" ..... International Financial Reporting Standards as adopted by the European Union.

"Indentures" ..... collectively the Senior Secured Indenture, the Senior Indenture and the Holdco Senior Indenture, as applicable.

"Initial Purchasers" ..... refers to Deutsche Bank AG, London Branch, Goldman Sachs International, BNP Paribas, Barclays Bank PLC, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, ING Bank N.V., London Branch, J.P. Morgan Securities LLC, J.P. Morgan Securities plc,

Morgan Stanley & Co. International plc, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, RBC Europe Limited, and Société Générale.

"Intercreditor Agreement"..... the intercreditor agreement dated on or about May 8, 2014, among, *inter alios*, the Company and the security agent party thereto, as amended, restated, supplemented or otherwise modified from time to time.

"News Participations" ..... News Participations S.A.S., a French corporation incorporated as a *société par actions simplifiée* registered under sole identification number 801 376 161 RCS Paris.

"NextRadioTV" ..... NextRadioTV S.A., with or without its subsidiaries as the context requires.

"Notes" ..... unless the context otherwise requires, (x) prior to the consummation of the Automatic Exchange, collectively, the Senior Secured Notes and the Senior Notes, and (y) following the consummation of the Automatic Exchange, collectively, the Secured Notes and the HoldCo Senior Notes.

"Numericable U.S. LLC"..... Numericable U.S. LLC, a Delaware limited liability company, having its registered office at 901 N. Market St, Suite 705, Wilmington, County of New Castle, Delaware 19801, United States.

"Numericable US S.A.S."..... Numericable US S.A.S. is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*registre du Commerce et des Sociétés*) under sole identification number 801 376 161.

"Official List" ..... the official list of The International Stock Exchange.

"Omer Telecom"..... Omer Telecom Limited, a private limited company registered with the Register of Companies in England and Wales under number 05721373.

"Paying Agents" ..... collectively, the U.S. Paying Agent and the Euro Paying Agent.

"Proposed Dollar Exchange Senior Notes". up to $1,600 million of Ypso Finance's dollar denominated $10^{1/2}$% senior notes due 2027 expected to be offered in the Proposed Exchange Offer.

"Proposed Dollar Holdco Exchange Notes" the proposed dollar denominated senior notes expected to be issued by the Altice France HoldCo in exchange for the Proposed Dollar Exchange Senior Notes, upon the consummation of the Automatic Exchange, which shall be *pari passu* in right of payment with the HoldCo Senior Notes and secured by certain collateral to be specified.

"Proposed Euro Holdco Exchange Notes" .. The proposed euro denominated senior notes expected to be issued by the Altice France HoldCo in exchange for the Proposed Euro Exchange Senior Notes, upon the consummation of the Automatic Exchange, which shall be *pari passu* in right of payment with the HoldCo Senior Notes and secured by certain collateral to be specified.

"**Proposed Euro Exchange Senior Notes**".... up to €1,400 million of Ypso Finance's euro denominated 8% senior notes due 2027 expected to be offered in the Proposed Exchange

Offer.

"Proposed Exchange Offer" ..... has the meaning ascribed to such term in the section entitled "*Summary—The Transactions—The Proposed Exchange Offer*."

"Proposed Exchange Senior Notes" ..... collectively the Proposed Proposed Dollar Exchange Senior Notes and the Proposed Proposed Euro Exchange Senior Notes.

"Proposed Holdco Exchange Notes" ..... collectively the Dollar Proposed Holdco Exchange Notes and the Euro Proposed Holdco Exchange Notes.

"RCF Refinancing" ..... as defined and described under "*Summary—The Transactions—The Refinancing.*"

"Registrars" ..... collectively, the U.S. Registrar and the Euro Registrar.

"Refinancing" ..... as defined and described under "*Summary—The Transactions—The Refinancing.*"

"Regulation S" ..... Regulation S promulgated under the U.S. Securities Act.

"Rule 144A" ..... Rule 144A promulgated under the U.S. Securities Act.

"Security Agent" ..... Deutsche Bank AG, London Branch.

"SFR" ..... Société Française du Radiotéléphone—SFR S.A. a French corporation incorporated as a société anonyme registered under sole identification number 343 059 564 RCS Paris, and, as the context requires, its subsidiaries, which was acquired, indirectly by the Company pursuant to the SFR Acquisition, and the results of which were consolidated in the results of the Company from November 27, 2014.

"SFR Acquisition" ..... the acquisition by the Company of SFR and certain of its subsidiaries on November 27, 2014.

"SFR Fibre" ..... SFR Fibre S.A.S. (formerly NC Numericable S.A.S.) is a French *société par actions simplifiée* having its registered office at 10, rue Albert Einstein, 77420 Champs-sur-Marne, France registered with the Meaux Trade and Companies Register (*registre du Commerce et des Sociétés*) registered under sole identification number 400 461 950 and one of our operating subsidiaries.

"SFR FTTH" ..... SFR FTTH is a French *société par actions simplifiée* having its registered office at 124 Boulevard de Verdun, 92400 Courbevoie, France registered with the Nanterre Trade and Companies Register (*registre du Commerce et des Sociétés*) under sole identification number 844 717 587. As of March 27, 2019, SFR FTTH is accounted for as an associate and therefore is no longer consolidated in the Historical Consolidated Financial Information. See "*Business of the Group—Material Contracts—SFR FTTH—Sale of a 49.99% Interest in SFR FTTH*" and "*Certain Relationships and Related Party Transactions—Transactions with Unrestricted Subsidiaries—Sale of a 49.99% Interest in SFR FTTH*".

"SFR Presse" ..... SFR Presse (formerly known as Altice Media Group France) is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*registre du Commerce*

et des Sociétés) under sole identification number 810 902 635.

"SFR Presse Distribution"..... SFR Presse Distribution is a French *société par actions simplifiée* having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered with the Paris Trade and Companies Register (*registre du Commerce et des Sociétés*) under sole identification number 808 636 054.

"SFR TowerCo" ..... has the meaning ascribed to such term in the section entitled "*Business of the Group—Material Contracts—Hivory.*"

"Senior Secured Notes"..... the €500 million aggregate principal amount of the Company's % senior secured notes due 2025.

"Senior Indenture"..... the indenture, to be entered into on or about the Issue Date, governing the Senior Notes , among, *inter alios*, Ypso Finance, the Senior Subordinated Guarantor, the Trustee and the Security Agent.

"Senior Secured Indenture" ..... the indenture, to be entered into on or about the Issue Date, governing the Senior Secured Notes , among, *inter alios*, the Company, the Senior Secured Guarantors, the Trustee and the Security Agent.

"September 2019 Issuance"..... has the meaning ascribed to such term under "*Summary—Recent Developments—September 2019 Refinancing Transactions.*"

"SIG 50" ..... Société d'Investissement et de Gestion 50—SIG 50 S.A., is a French *société anonyme*, having its registered office at 1, square Bèla Bartok, 75015 Paris, France, registered with the Paris Trade and Companies Register (*Registre du Commerce et des Sociétés*) under sole identification number 421 345 026 and its subsidiaries.

"Towers Transaction"..... has the meaning ascribed to such term in the section entitled "*Business of the Group—Material Contracts—Hivory.*"

"Transactions"..... collectively, the transactions as defined and described under "*Summary—The Transactions.*"

"Transfer Agents" ..... collectively, the U.S. Transfer Agent and the Euro Transfer Agent.

"Trustee"..... Deutsche Bank Trust Company Americas.

"U.S." or "United States" ..... the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

"U.S. dollars", "dollars", "U.S.$" or "$"..... the lawful currency of the United States.

"U.S. Exchange Act" ..... The U.S. Exchange Act of 1934, as amended.

"U.S. GAAP"..... generally accepted accounting principles in the United States.

"U.S. Paying Agent"..... Deutsche Bank Trust Company Americas.

"U.S. Registrar"..... Deutsche Bank Trust Company Americas.

"U.S. Securities Act" ..... the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"U.S. Transfer Agent"..... Deutsche Bank Trust Company Americas.

"Virgin Mobile" ..... Omer Telecom Limited, the holding company for the group operating in France under the Virgin Mobile brand, and its subsidiaries acquired by the Company pursuant to the Virgin Mobile Acquisition.

"Virgin Mobile Acquisition" ..... the acquisition on December 5, 2014 by the Company of Omer Telecom and its subsidiaries, the holding company for the group operating in France under the Virgin Mobile brand.

"Vivendi" ..... Vivendi S.A. is a French *société anonyme* having its registered office at 42, avenue de Friedland, 75008 Paris, France, registered with Paris Trade and Companies Registry (*Registre du Commerce et des Sociétés*) under sole identification number 343 134 763.

"Voice Carrier Business" ..... the Group's international wholesale voice carrier business, prior to its disposal on September 6, 2018.

"Ypso Finance" ..... Ypso Finance Bis S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and in the process of registration with the Luxembourg Trade and Companies Register, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

"Ypso Finance S.à r.l." ..... Ypso Finance S.à r.l, a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg, and registered with the Luxembourg Register of Commerce and Companies under number B161946.

"Ypso France" ..... Ypso France S.A.S. is a French *société par actions simplifiée* having its registered office at 10, rue Albert Einstein, 77420 Champs-sur-Marne, France registered with the Meaux Trade and Companies Register (*Registre du Commerce et des Sociétés*) under sole identification number 484 348 131.

FORWARD-LOOKING STATEMENTS

This Notice contains "forward-looking statements" as that term is defined by the U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Notice, including, but without limitation, those regarding our future financial condition, results of operations and business, our products, acquisitions, dispositions and finance strategies, our capital expenditure priorities, regulatory or technological developments in the market, subscriber growth and retention rates, potential synergies and cost savings, competitive and economic factors, the maturity of our markets, anticipated cost increases, synergies, liquidity and credit risk. In some cases, you can identify these statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "project", "should", and "will" and similar words used in this Notice.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond the Group's control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which the Group operates. We caution readers not to place undue reliance on the statements, which speak only as of January 22, 2020, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward-looking statement, the Group expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Notice include those described under "*Risk Factors*".

The following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- our substantial leverage and debt service obligations;
- our ability to generate sufficient cash flow to service our debt and to control and finance our capital expenditures and operations;
- restrictions and limitations contained in the agreements governing our indebtedness;
- our ability to raise additional financing or refinance our existing indebtedness;
- fluctuations in currency exchange rates, inflation and interest rates;
- negative changes to our credit rating;
- risks associated with our structure, the Proposed Financing, and our other indebtedness;
- risks associated with the Automatic Exchange of Senior Notes into HoldCo Senior Notes;
- the competitive environment and downward price pressure in the broadband internet communications, television sector, fixed line telephony, mobile telephony and B2B sectors in the countries in which we operate;
- economic and business conditions and trends in the industries in which we and the entities in which we have interests operate;
- changes in the political, judicial, economic or security environment in the countries in which we operate or will operate in the future;

- changes in consumer demand for cable-based, mobile and media products as well as the demand for bundled services and offerings;
- development of telecommunications networks and services and dependence on third-parties for access to certain parts of our network;
- our ability to introduce new technologies or services and our ability to respond to technological developments;
- deployment of fiber and/or VDSL2 networks and/or new generation mobile networks by our competitors;
- perceived or actual health risks and other environmental requirements relating to our mobile operations;
- our ability to maintain favorable roaming or network sharing agreements;
- our ability to achieve cost savings from network sharing agreements for our mobile services in the jurisdictions in which we operate;
- the ability of telecommunications providers to provide consistent services without disruption;
- the ability of third party suppliers and vendors to timely deliver products, network infrastructure, equipment, software and services;
- the availability of attractive content for our digital video services or necessary equipment at reasonable costs;
- risks related to royalties payments and our licenses;
- technical failures, equipment defects, physical or electronic break-ins to the services, computer viruses and similar description problems;
- any negative impact on our reputation, including due to product quality issues;
- customer churn;
- our ability to integrate acquired businesses and realize planned synergy benefits from past or future acquisitions;
- our ability to maintain adequate managerial controls and procedures as the business grows;
- our inability to provide high levels of customer service;
- the declining revenue from certain of our services and our ability to offset such declines;
- any disruptions in the credit and equity markets which could affect our credit instruments and cash investments;
- our ability to protect our intellectual property rights and avoid any infringement of any third party's intellectual property rights;
- our ability to maintain subscriber data and comply with data privacy laws;
- the outcome of any pending legal, administrative and regulatory proceedings;
- our significant post retirement and healthcare benefit obligations (both funded and unfunded);
- changes in laws or treaties relating to taxation in the countries in which we operate, or the interpretation thereof;
- the regulatory environment in the countries in which we operate and changes in, or a failure or an inability to comply with, government regulations and adverse outcomes from regulatory proceedings;

- local business risks in the jurisdictions in which we operate;
- our ability to manage our brands;
- our inability to completely control the prices we charge to customers or the programming we provide;
- our ability to obtain building and environmental permits for the building and upgrading of our networks and to comply generally with city planning laws;
- the loss of key employees and the availability of qualified personnel and a deterioration of the relationship with employee representatives;
- our ultimate parent's interests, which may conflict with our interests;
- events that are outside of our control, such as political unrest in international markets, terrorist attacks, natural disasters, pandemics and other similar events; and
- other factors described in more detail under "*Risk Factors*".

The cable television, broadband internet access, fixed line telephony, mobile services, ISP services, business services and wholesale industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Notice are subject to a significant degree of risk.

We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Notice.

The Group discloses important factors that could cause the Group's actual results to differ materially from its expectations in this Notice. These cautionary statements qualify all forward-looking statements attributable to Group or persons acting on our behalf. When the Group indicates that an event, condition or circumstance could or would have an adverse effect on the Group, we mean to include effects upon the Group' business, financial and other conditions, results of operations and the Companies' ability to make payments under the Notes.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive, and should be read in conjunction with other factors that are included in this Notice. See "*Risk Factors*" along with sections of this Notice titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry, Competition and Market Overview*" and "*Business of the Group*" for a more complete discussion of the factors that could affect the Group's future performance and the markets in which the Group operates. All forward-looking statements should be evaluated in light of their inherent uncertainty.

The Group operates in a competitive and rapidly changing environment. New risks, uncertainties and other factors may emerge that may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. Except as required by law or the rules and regulations of any stock exchange on which its securities are listed, we expressly disclaim any obligation or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Notice to reflect any change in its expectations or any change in events, conditions or circumstances on which any forward-looking statement contained in this Notice is based.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Unless otherwise stated or the context otherwise requires, references to "IFRS" herein are to International Financial Reporting Standards as adopted by the European Union.

The Companies

Altice France S.A. (previously known as SFR Group S.A. and Numericable-SFR S.A.) was formed on August 2, 2013.

Ypso Finance Bis S.A. was formed on January 17, 2020 and is an indirect wholly-owned subsidiary of the Company.

Altice France Holding S.A. (formerly known as Altice Luxembourg FR S.A.), was formed on December 18, 2017 and is a direct parent of the Company. On the Automatic Exchange Date, if it occurs, we expect that Altice France Holding will not have any material assets other than its equity interests in the Company (representing approximately 90.7% of the share capital of the Company) and will not have any material liabilities other than the HoldCo Senior Notes and, if issued, the Proposed HoldCo Exchange Notes.

Financial Statements Presented

This Notice includes the following historical consolidated financial information of the Company and its consolidated subsidiaries (the "**Group**"):

- the English language translations of the audited consolidated financial statements for the Group as of and for the year ended December 31, 2018 (which include comparative figures as of and for the year ended December 31, 2017) (the "**2018 Financial Statements**"), December 31, 2017 (which include comparative figures as of and for the year ended December 31, 2016) (the "**2017 Financial Statements**") and December 31, 2016 (which include comparative figures as of and for the year ended December 31, 2015) (the "**2016 Financial Statements**"), each prepared in accordance with IFRS as adopted in the European Union and which have been audited by Deloitte & Associés and KPMG Audit, a department of KPMG S.A. (together, the "**Audited Financial Statements**"); and

- the unaudited condensed interim consolidated financial statements for the Group as of and for the nine months ended September 30, 2019 (which include comparative figures for the nine months ended September 30, 2018) prepared in accordance with IAS 34 as adopted in the European Union and which have been reviewed by Deloitte & Associés and KPMG Audit, a department of KPMG S.A. (the "**Unaudited Financial Statements**").

The historical consolidated financial information of the Group described above, including the accompanying notes thereto, are referred to herein as the "**Historical Consolidated Financial Information**."

The preparation of financial statements in conformity with IFRS as adopted in the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed in the Historical Consolidated Financial Information.

The Group has adopted IFRS 15 (*Revenue from Contracts with Customers*) ("**IFRS 15**") and IFRS 9 (*Financial Instruments*) ("**IFRS 9**") effective from January 1, 2018. The Unaudited Financial Statements and the 2018 Financial Statements reflect the change in accounting standards. The Group's consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS 15 in the 2018 Financial Statements. IFRS 9 amendments were booked directly in the opening balance sheet as of January 1, 2018 and the financial information for the year ended December 31, 2017 in the 2018 Financial Statements has not been restated for the impact of IFRS 9. The 2017 Financial Statements and the 2016 Financial Statements have not been restated for the impacts of IFRS 15 or IFRS 9. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements, included elsewhere in this Notice for more information. The Group has adopted IFRS 16 (*Leases*) ("**IFRS 16**") using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the nine months ended September 30, 2018 in the Unaudited Financial Statements and the Audited Financial Statements have not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial

Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

LTM Financial Information

This Notice includes certain unaudited financial information for the twelve months ended September 30, 2019. This financial information has been calculated by adding the Group's historical results for the nine months ended September 30, 2019 (extracted from the Unaudited Financial Statements), to the Group's historical results for the year ended December 31, 2018, and subtracting the Group's historical results for the nine months ended September 30, 2018 (extracted from the Unaudited Financial Statements) (the "**LTM Financial Information**"). Unless otherwise specified, no retreatment or pro forma adjustments have been applied to the LTM Financial Information. The LTM Financial Information has been prepared solely for the purposes of this Notice, is not prepared in the ordinary course of our financial reporting, has not been audited or reviewed and does not reflect the application of IFRS 16 over the entire period. It is for illustrative purposes only and is not necessarily representative of the Group's results of operations, for any future period or the Group's financial condition at any future date.

Non-IFRS Financial Measures

This Notice contains measures and ratios (the "**Non-IFRS Measures**"), including Adjusted EBITDA, *Pro Forma* Adjusted EBITDA, Adjusted EBITDA less accrued capital expenditures (also referred to as "operating free cash flow" in the Historical Consolidated Financial Information) and accrued capital expenditures, that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting standards. We present Non-IFRS Measures because we believe that they are of interest to the investors and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The Non-IFRS Measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our, or any of our subsidiaries', operating results as reported under IFRS or other generally accepted accounting standards. The Non-IFRS Measures may also be defined differently than the corresponding terms governing our indebtedness, including the Indentures, the Existing Senior Secured Indentures (as defined herein), the Existing Revolving Credit Facilities Agreement or the Existing Term Loans Agreement (as defined herein). Non-IFRS Measures, such as Adjusted EBITDA, *Pro Forma* Adjusted EBITDA or Adjusted EBITDA less accrued capital expenditures (also referred to as "operating free cash flow" in the Historical Consolidated Financial Information), are not measurements of our, or any of our subsidiaries', performance or liquidity under IFRS or any other generally accepted accounting principles. In particular, you should not consider Adjusted EBITDA, *Pro Forma* Adjusted EBITDA and Adjusted EBITDA less accrued capital expenditures (also referred to as "operating free cash flow" in the Historical Consolidated Financial Information) as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) or as a measure of our, or any of our operating entities', operating performance, (b) cash flows from operating, investing and financing activities as a measure of our, or any of our subsidiaries', ability to meet our cash needs or (c) any other measures of performance under IFRS or other generally accepted accounting standards. Adjusted EBITDA, *Pro Forma* Adjusted EBITDA and Adjusted EBITDA less accrued capital expenditures (also referred to as "operating free cash flow" in the Historical Consolidated Financial Information) have certain limitations as analytical tools, including but not limited to:

- they do not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital needs;
- they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments;
- although depreciation, amortization and impairment are non-cash charges, the assets being depreciated and amortized will generally need to be replaced in the future;
- Adjusted EBITDA, *Pro Forma* Adjusted EBITDA and Adjusted EBITDA less accrued capital expenditures do not reflect any cash requirements that would be required for such replacements; and
- some of the non-recurring items that we or our operating entities eliminate in calculating Adjusted EBITDA, *Pro Forma* Adjusted EBITDA and Adjusted EBITDA less accrued capital expenditures reflect cash payments that were made, or will in the future be made.

In addition, as a result of certain acquisitions and disposals that have been consummated by the Group during the periods presented in this Notice, and the intra-year timing of such acquisitions and disposals, the comparability of the Historical Consolidated Financial Information over each of such periods may be limited. *Pro forma* financial information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act, the Prospectus Regulation, IFRS or any generally accepted accounting standards. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2017 compared to the year ended December 31, 2016—Significant Events Affecting Historical Results*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2018 compared to the year ended December 31, 2017—Significant Events Affecting Historical Results*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018—Significant Events Affecting Historical Results*" for more information. Unless otherwise specified, the Historical Consolidated Financial Information does not give *pro forma* effect to the acquisitions and disposals that have been consummated by the Group during the periods presented in this Notice, or to any acquisitions and disposals occurring after September 30, 2019, and may therefore differ from the financial information relating to the Group publicly reported by Altice Europe (as defined herein) and its consolidated subsidiaries for the same periods which does give *pro forma* effect to certain of such acquisitions and disposals.

The Historical Consolidated Financial Information mentioned above does not indicate results that may be expected for any future period.

Certain As Adjusted Financial Information

This Notice also includes certain financial information on an as adjusted basis to give effect to the Transactions, including this the Proposed Financing and the application of the proceeds therefrom, including financial data as adjusted to reflect the effect of Transactions on the Group's indebtedness as if the Transactions had occurred on September 30, 2019. The as adjusted financial information has been prepared for illustrative purposes only and does not represent what the Group's indebtedness would have been had the Transactions occurred on such dates, nor does it purport to project the Group's indebtedness or cash interest expense at any future date. This as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act, the Prospectus Regulation, IFRS or any generally accepted accounting standards. Neither the assumptions underlying the adjustments nor the resulting as adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing or review standards.

In making an investment decision, you must rely upon your own examination of the terms of the Proposed Financing and the financial information contained in this Notice. You should consult your own professional advisors for an understanding of the differences between IFRS and U.S. GAAP and how those differences could affect the financial information contained in this Notice.

Certain amounts and percentages presented herein have been rounded and, accordingly, the sum of amounts presented may not equal the total.

SUMMARY

The summary below highlights information contained elsewhere in this Notice. It does not contain all the information you should consider prior to investing in the Notes. You should read the entire Notice carefully, including "Risk Factors" and the financial statements and notes thereto included elsewhere in this Notice. In this section, references to the terms "Group", "we", "us" and "our" refer to Altice France and its subsidiaries as of January 22, 2020. See page G-1 of this Notice for a glossary of technical terms used in this Notice.

The Group

We are the second largest telecommunications operator and a leading alternative telecommunications operator in France by revenues and number of subscribers. We have major positions in all segments of the French telecommunications market, including residential fixed, residential mobile, business services, which includes B2B services, wholesale and other services and media, which includes media, content and advertisement services through our leading fiber/cable and mobile networks. As of September 30, 2019, we had approximately 15,668,000 residential mobile subscribers and approximately 6,312,000 total residential fixed unique customers. We generated revenues of €10,438 million and Adjusted EBITDA of €4,010 million for the twelve months ended September 30, 2019. See "*Summary Financial Information and Other Data—Adjusted EBITDA and Pro Forma Adjusted EBITDA*".

We currently offer residential fixed services under the SFR and Red brands. We also offer business services under the SFR Business brand. We believe we are the leader in terms of 4G mobile antennas in service in France, with 18,387 antennas and covering 98.7% of the population with 4G, as of September 30, 2019. The Group has a state-of-the-art fiber/cable infrastructure, consisting of 80,000 km of fiber optic cable and more than 165 metropolitan loops as of September 30, 2019, passing approximately 14,207,000 fiber/cable homes as of September 30, 2019, including fiber/cable homes passed by SFR FTTH, an associate in which we own a 50.01% interest (with the remaining held by the JV Consortium), which we believe is the largest alternative FTTH infrastructure wholesale operator in France.

We track the performance of our business and further analyze our revenues by activity, which, with effect from January 1, 2019, includes "residential – mobile," "residential – fixed," "business services," "equipment sales," and "media". See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Group—Basis of Presentation—Operational Activities*" for a discussion of the revised presentation of our operational activities.

Residential - Mobile

We are the second-largest operator of mobile telephony in France by number of subscribers, with approximately 15,668,000 residential mobile subscribers as of September 30, 2019. We believe that we are also the leader in terms of 4G mobile antennas in service in France with 18,387 antennas as of September 30, 2019. Due to our strong market position in the mobile telephony market, we are one of the primary convergence operators in France with an attractive "4P" offer (consisting of pay-TV products, broadband internet, fixed telephony and mobile services).

We accelerated the build-out of our 4G network over the last two years to have a market-leading mobile network (with a 4G population coverage of 98.7% as of September 30, 2019). We are already preparing for the introduction of the next generation of mobile telephony with 5G technology. After the first tests carried out in 2016 and 2017 and further tests scheduled in different cities in France in 2019, we, with one of our partners, Nokia, were the first in France to make a 5G New Radio connection using the 3.5 GHz frequency band in 2018.

In December 2018, we completed the Towers Transaction through which we monetized the value of our passive mobile infrastructure assets. Hivory, the newly incorporated tower company in which we own a 50.01% interest, is a high-quality telecommunications infrastructure provider with a nationwide presence. It is the largest independent telecommunications tower company in France and the third largest European tower company, benefiting from more than 10,000 strategically located sites with a diversified portfolio of ground-based towers and rooftops. Through Hivory, we and our joint venture partner, KKR, seek to proactively partner with third party mobile operators to develop their coverage and densification objectives, including through the build-to-suit of 1,200 new sites within the next three years. See "*Business of the Group—Material Contracts—Hivory*" for more information.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our mobile residential activity (excluding equipment) generated €2,610 million and €2,637 million of revenue, respectively.

Residential - Fixed

As of September 30, 2019, we had approximately 6,312,000 total residential fixed unique customers and our fiber/cable network passed approximately 14,207,000 homes. Over the past four years, we have increased our fiber/cable deployment and upgraded a substantial part of our fiber/cable networks. For example, as of September 30, 2019, our fiber/cable networks are largely DOCSIS 3.0 enabled, which allows us to offer customers high broadband internet access speeds and better HDTV services across our footprint. We believe that we are also France's leading fiber/cable provider, with approximately 14,207,000 fiber/cable homes passed as of September 30, 2019, including fiber/cable homes passed by SFR FTTH. We intend to continue the expansion of our fiber network in France through engagement with local communities and government and capitalize on our past investments in improved fiber/cable infrastructure. Moreover, SFR FTTH plans to expand its network in low density areas by approximately 5 million homes expected to be passed in the next three years in addition to any others that may be franchised or acquired. Moreover, the combination of Covage and SFR FTTH will create a substantial FTTH wholesale provider in Europe. We are able to upsell our existing DSL subscribers with fiber/cable broadband offers due to the overlapping fiber/cable and DSL networks and, moreover, the natural churn rate of broadband subscribers draws existing DSL subscribers to our cable and fiber products. This shift of subscribers from DSL has allowed, and is expected to continue to allow, us to reallocate investment expenses previously earmarked for DSL infrastructure to accelerating the rollout of our fiber/cable network.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our residential fixed activity generated €1,903 million and €1,869 million of revenue, respectively.

Business Services

In the business services market, we benefit from our extensive combined fiber/cable and DSL network and strong customer relationships and the ability to respond to the growing demand of medium-sized businesses for increasingly sophisticated voice and data services. We offer data services, including IP VPN services (virtual private network on IP), LAN to LAN (local network), internet, security services, hosting and "cloud computing" and voice services, in particular voice call services, VoIP and Centrex.

We are the largest national alternative wholesale services player to the incumbent provider by revenues and number of subscribers. We offer a broad portfolio of wholesale products across the entire spectrum of the wholesale market including wholesale connectivity services for fixed-line and mobile voice calls, wholesale connectivity services for data, wholesale fiber infrastructure services as well as triple-play DSL white label packages and very-high-speed offers to a significant base of local, virtual, national and international operators. In addition, Hivory plans to utilize its passive mobile infrastructure to provide hosting, site development and ancillary services to operators in France, including the Group.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our business services activity generated €2,103 million and €2,347 million of revenue, respectively.

Equipment Sales

Our equipment sales relate to revenue derived from sales of equipment to residential and business services customers. This revenue segment was created in order to comply with the presentation requirements of IFRS 15, 'contracts with customers'. We have relationships with the industry's significant mobile and customer services equipment providers, and are able to offer customers with top-of-the-market mobile and fixed equipment.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our equipment sales activity generated €615 million and €637 million of revenue, respectively.

Media

In furtherance of our convergence strategy, we are focused on delivering high quality content offerings to complement our fixed and mobile services, including producing proprietary content. This strategy is evidenced by our investments in French businesses NextRadioTV, through which the Group produces high quality television channels such as BFM TV and RMC Sport, and SFR Presse, through which we offer various proprietary

publications such as *Libération*.

In addition, we are focused on supplementing our own content offerings with premium content produced by third parties, including high quality local content and exclusive premium content. Altice Europe has acquired the rights to broadcast and/or distribute various premium sporting events, including the French Athletics Federation, English Premier League (through an agreement with Canal+), French Basketball League, English Rugby Premiership, UEFA Champions League and UEFA Europe League, which are commercialized in France via exclusive SFR branded channels pursuant to a distribution agreement entered into with AENS, a subsidiary of Altice TV. We also launched a single brand in July 2018 for all of our sports content: RMC Sport Access, which replaced the SFR Sport channel. At the end of 2016, Altice Europe and the Group also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights and further expansion of our premium content offerings in France. In April 2017, we announced the launch of MY Cuisine, an international cookery channel broadcast exclusively by us in France, which also comprises a print magazine, mobile application and a recipe blog.

We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich our differentiated and convergent communication services from those of our competitors.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our media activity (which comprises revenues generated by the proprietary content produced us, as described above) generated €329 million and €321 million of revenue, respectively.

Competitive Strengths

We believe that we benefit from the following key strengths:

We benefit from an owner-operator culture.

We are part of a founder-controlled organization with an owner-operator culture and strategy that is focused on operational efficiency and innovation. In recent years, our management team has moved quickly to, among other things, streamline business processes, centralize functions and eliminate non-essential overhead expenses, simplify and redesign our product offerings, drive adoption of higher broadband speeds and continue to build out our fiber/cable and 4G networks and enter into strategic transactions, such as the sale of a 49.99% interest in SFR FTTH and the Towers Transaction. See "*Business of the Group—Material Contracts—SFR FTTH*" and "*Business of the Group—Material Contracts—Hivory*". We continuously strive to improve our operational and financial performance, encouraging communication across the organization while empowering nimble, efficient decision-making that is focused at every level on enhancing the overall customer experience.

We are a leading alternative operator with strong market positions in all segments of an attractive telecommunications market

France is the third largest telecommunications market in Europe, with consumer spending of approximately €35 billion for the twelve months ended September 30, 2019 (Source: ARCEP). We have a significant market share across all main segments of the French telecommunications market, acting as the main competitor of the incumbent operator, and are a leading alternative telecommunications operator in Europe. Despite growth in market size, the French telecommunications market has recently declined in value primarily due to price pressure in the mobile market following the arrival of a fourth player in 2012 and the decline in regulated call termination rates. The Group, however, is the largest operator in the fiber/cable market, with approximately 14,207,000 fiber/cable homes passed as of September 30, 2019, including fiber/cable homes now passed by SFR FTTH. We are also the second largest mobile telephony operator in France, with approximately 15,668,000 residential mobile subscribers as of September 30, 2019, and a leading operator in the wholesale telephony segment due to our significant wholesale capabilities in the fiber sector.

Mobile. We are the second largest mobile telephony operator in France, with approximately 15,668,000 residential mobile subscribers as of September 30, 2019 The French B2C mobile telephony market was disrupted by the entry of a fourth mobile operator in January 2012, which increased the overall level of competition in the market. After strong price decreases in 2013 and 2014, which resulted in mobile post-paid prices in France being among the lowest in Europe, price pressure eased in 2015 and 2016 but intensified again in 2017, weakened slightly in 2018 and increased again in 2019. The French B2C mobile telephony market is divided between

(i) premium offers targeting subscribers seeking access to subsidized handsets, physical distribution, customer care, data services, value added services and content, (ii) no-frills offers targeting more cost-conscious, SIM-only, self-care subscribers and (iii) a decreasing proportion of prepaid subscribers. We target the premium post-paid subscription market with our "SFR" offers, the basic subscription mobile telephony market with our "RED" offers and the prepaid market with an offer of a prepaid range at attractive prices, under the "*SFR La Carte*" offering. We recruited more new mobile post-paid subscribers in the year ended December 31, 2018 than our industry competitors (Orange, Iliad and Bouygues). The combination of our very-high-speed fiber/cable network and our 4G networks allow us to offer attractive flat rate 4P packages, which meet the growing demand for speed and bandwidth coming from multi-screen households, for usage both in and outside the home.

Fixed. As at September 30, 2018, France had a relatively low penetration rate in the fast growing very-high-speed segment (which includes fiber/cable), with just 20% of total households being very-high-speed connections of over 30 Mbps and with just 14% being very-high speed connections of over 100 Mbps. (ARCEP). This compares to an average of 41% and 20% of consumer households in the European Union respectively, over 67% and 40% in Belgium, and over 76% and 33% in the Netherlands being fast growing very-high-speed segment of over 30 Mbps and very-high speed connections of over 100 Mbps, respectively. (Source: ARCEP, European Commission DESI Report 2019). However, the fiber/cable fixed-line market in France has experienced strong growth in recent years due to an increasing household coverage, which has led to a 29% increase in very-high speed subscribers during the year ended December 31, 2018. The fiber/cable fixed-line market has also experienced intense price pressure over the past three years, as certain of our competitors have decreased prices for their fixed-line offers. We estimate that we are the largest operator in the fiber/cable market, with approximately 14,207,000 fiber/cable homes passed as of September 30, 2019. The recent growth has been primarily driven by the increasing penetration of FTTB/FTTH. We believe that we are well positioned to benefit from further growth. We take advantage of our extensive and high-quality fiber/cable network, brand image and distribution capacities, to meet the growing demand for speed and bandwidth, with "multi-play" offers at competitive prices in the fixed-line B2C market.

The French B2B telecommunications market has undergone a structural change in recent years, with traditional switched voice services decreasing and VoIP and data services increasing in number and complexity. In particular, the data service needs of medium-sized businesses have changed and are now more bandwidth-intensive and complex. Subscribers' need for high speeds favors players with strong network coverage, such as the Group, due to our dense capillary network comprised of more than 165 metropolitan loops and our direct fiber/cable connection from our network to the main sites of our subscribers, which provides them with symmetrical high speeds and reliable service. In line with evolving market needs, we have also developed leading data solutions, among others "infrastructure as a service" and IP VPN services. We are also a strong challenger to the incumbent operator in the B2B market and, in recent years, have been able to strategically redeploy our French sales force to fully address, and compete effectively against, the incumbent operator in all B2B market sub-segments. We continue to take advantage of our commercial network and sales force to increase our market share in this segment and target adjacent market segments such as cloud computing services and machine-to-machine ("**M2M**") communications.

Wholesale. In the wholesale telecommunications market, we are able to provide solutions at attractive prices for the short-term needs of operators through our extensive network and can obtain attractive margins by leveraging our cost structure. These solutions include selling fiber connections and circuits to international or local operators with sub-networks in France, leasing indefeasible rights of use ("**IRUs**") and bandwidth capacity on our network and selling point-to-point connections to other national operators including radio transit sites for the roll-out of 3G and 4G. We expect growth in the wholesale segment due to increasing worldwide data traffic, the migration of existing technologies towards Ethernet and fiber technologies, increasing demand for greater bandwidth and building of more antennas in connection with the roll-out of 4G coverage by operators. We believe we are also the second largest mobile telephony operator in France, with approximately 15,668,000 residential mobile subscribers as of September 30, 2019, and a leading operator in the wholesale telephony segment due to our significant wholesale capabilities in the fiber sector. We have relationships with incumbent operators of French mobile virtual network operators ("**MVNOs**") and fixed-line voice network operators (such as Bouygues Telecom), as well as with leading international players. We also intend to continue to promote our reactive and adapted wholesale offers in order to fully take advantage of our network infrastructure and maximize return on our network assets.

Media. The French television market is one of the largest in Europe. We have strategically developed our content capabilities to complement our fixed and mobile services and provide our subscribers with premium, high-quality content, including a large choice of high-definition channels, catch-up TV channels, the largest catalog of VOD content in France (through our "SFR Play" service), integrated OTT video services and innovative social media

applications. Moreover, we offer subscribers leading 24-hour news through our TV news hub bundle, BFM. We believe that our high-quality pay-TV content programming is an important differentiating factor in our offering of bundled and convergent products. See "*—The Group—Media*" above for more information.

We believe that we benefit from a network advantage, combining highly complementary state-of-the-art fixed and mobile networks.

We believe that we benefit from a fixed network advantage in the French market. Based on the current infrastructure of operators in the telecommunication industry, our network is the only end-to-end alternative central network in France to have a local loop infrastructure and is supplemented by our DSL presence and interurban fiber/cable network. This highly advanced fiber/cable network provides high download speeds and is supported by a powerful backbone. We have the largest fiber/cable network in France, passing approximately 14,207,000 homes (which provides broadband speeds of 100 Mbps and higher), including fiber/cable homes passed by SFR FTTH, as of September 30, 2019, and we have significantly increased our fiber/cable penetration, in particular through cross-selling fiber/cable offers to existing DSL subscribers. We are also expanding our existing fiber/cable network, having rolled out over 1,600,000 new fiber/cable homes passed in each of 2016 and 2017 and approximately a further 1,344,000 fiber/cable homes passed in 2018. We will continue to focus on rolling out our fiber/cable network through engagement with local communities and governments. Additionally, as the first French operator to offer 4G technology to residential and business subscribers, we believe that we have one of the most expansive and advanced mobile networks of the alternative French players, offering 4G services to 98.7% of the French population as of September 30, 2019. We believe that we are also the leader in terms of 4G mobile antennas in service in France, with 18,387 antennas as of September 30, 2019. We are also updating a large number of our antennas by equipping them with single radio access network ("**Single-RAN**") technology (that supports 2G, 3G and 4G standards on one network) and fiber transmission, which we believe will reduce maintenance and infrastructure investment costs and ensure the quality of our infrastructure over time. The combination of our extensive, state-of-the-art fixed network and high-quality 4G mobile network allows us to respond to the rapidly increasing demand for data on mobile phones by providing high bandwidth fiber backhaul connections to connect the mobile Single-RAN. Our high level of prior investment and ownership of local networks, metropolitan loops and backbone in France provides us with a cost advantage compared to our alternative operator competitors, who must rely partially on the networks or technology of other operators to provide their services. For three years running, we have incurred significant capital expenditure (between 22-23% of total consolidated revenues) in order to improve our mobile network and to roll out new fiber homes (we are the market leader in very high-speed internet). This also gives us a greater ability to control costs compared to our alternative operator competitors, determine the most accurate incremental capital expenditures and generate higher margins. We believe that we will be able to maintain this cost advantage in France so long as alternative competitors do not undertake significant investment and build their own networks. We also capitalized on our passive mobile infrastructure by consummating the Towers Transaction. See "*Business of the Group—Material Contracts—Hivory*" for more information.

We are a primary convergence operator and a leading multi-play provider of fiber/cable- and/or mobile-based services in France, with substantial cross-sell, up-sell and value-add opportunities in fixed and mobile services.

Building on our technologically advanced networks and innovative offerings, we have developed leading positions in our markets in multi-play offerings by selling our differentiated pay TV, high-speed broadband internet, fixed-line telephony, premium content and, mobile telephony services as bundles. We believe that the strength of our fixed and mobile businesses, and our ability to complement these services with premium content offerings, provide an opportunity to increase the penetration of our multi-play and premium packages. The demand for high-speed internet, fixed mobile convergence and high-quality content are key drivers of our cross-sell and up-sell strategy.

Very-high-speed broadband. We believe that we are well positioned to capitalize on the expected growth for very high speed broadband services as our network has been built and upgraded specifically to address the increasing speed and bandwidth requirements of our subscribers. We also continue to offer our existing DSL subscribers the option to subscribe to a fiber/cable offering, which provides an opportunity to significantly grow penetration on our network and to create upselling opportunities. Migrating existing DSL subscribers to our fiber/cable network also reduces the costs associated with renting the last mile and enables funds to be reallocated to accelerate the rollout of our fiber/cable network. We offer our fiber/cable subscribers very-high-speed broadband internet at speeds from 100 Mbps to 1 Gbps. We also provide our subscribers with access to one of the most advanced 4G mobile networks in France, offering high speeds and latency benefits. The combination of our extensive fixed network and high-quality 3G and 4G mobile networks allows us to capture the rapidly increasing demand for data on mobile phones driven by the digitization of everyday life, and in turn to upsell premium data and content

services to new and existing mobile customers.

Comprehensive premium content. We are also focused on delivering high quality content offerings to complement our fixed and mobile services. We have direct long-term relationships with major content providers and television channel suppliers, enabling us to offer bundles that include an extensive array of HD channels as well as the largest VOD catalog in the market, with over 30,000 programs available, and an extensive catalog of HD and 4K/UHD content. We also benefit from Altice Europe's 20 years of experience in sourcing media content, its international footprint, its ability to enter agreements with the largest French and international production companies (including NBCUniversal and Discovery) and our acquisitions of NextRadioTV and SFR Presse, which enable us to expand our catalog of media partners and premium content offerings. For example, Altice Europe has acquired the rights to broadcast and/or distribute various premium sporting events, including the UEFA Champions League, UEFA Europa League, French Athletics Federation, English Premier League (through an agreement with Canal+), French Basketball League and English Rugby Premiership, which are commercialized in France via exclusive RMC branded channels pursuant to a distribution agreement entered into with AENS, a subsidiary of Altice TV.

We benefit from a strong brand and extensive retail distribution network

We believe that our strong brands and our retail distribution networks will enable us to leverage our extensive fixed and mobile infrastructure and best-in-class product offerings to drive growth.

Strong brand image. We continue to invest in strengthening the SFR brand, by focusing on network reliability and high-quality customer care. For example, we observed positive improvements in our technical service operations and infrastructure reliability, including decreases of 15% in the number of dropped calls, 30% in network downtime, 10% in calls rate and 35% in customer complaints, in each case in the year ended December 31, 2018 compared to the year ended December 31, 2017. We believe these improvements, among other factors, are beginning to make an impact and helped decrease our fiber/cable churn rate in France by more than 30% for the year ended December 31, 2018 compared to the year ended December 31, 2017. See "*Business of the Group—Residential Market—Brand Policy*".

Multi-channel distribution network. We also benefit from a strong distribution network, including physical and digital channels. Our physical distribution channels include an extensive network of stores and other physical points of sale, which we believe offer a compelling customer experience by providing pre-purchase advice on devices and services, subscriptions and customer support, including after-sales service and claims. Our online platforms complement our physical network through value-added services, including technical support and news, and through our online stores, which showcase our product offerings and serve as one of the main distribution channels for certain of our business services offers. Our multi-channel networks are supported by our customer service and support teams, which offer a comprehensive range of services covering subscribers' needs, such as claim management, technical support, loyalty programs and sales. See "*Business of the Group—Marketing*".

Cash flow generation

We generated Adjusted EBITDA of €4,010 million and incurred capital expenditures of €2,264 million for the twelve months ended September 30, 2019, compared to Adjusted EBITDA of €3,706 million and capital expenditures of €2,247 million for the twelve months ended December 31, 2018 and Adjusted EBITDA (including IFRS 15 impact) of €3,637 million and capital expenditures of €2,386 million (including IFRS 15 impact) for the twelve months ended December 31, 2017. See "*Summary Financial Information and Other Data—Capital Expenditures*". We believe that our large and diversified customer base and predominantly monthly subscription structure provide a certain level of predictability as to future cash flows. We believe that our ability to generate cash is a direct result of our rigorous focus on cost optimization and organizational efficiency as well as a prudent capital expenditure policy.

We have a proven track record of unlocking value through operational excellence.

We believe that our entrepreneurial culture and efficient decision making processes allow us to quickly react to changes in our operating environments and to seize business opportunities as they arise. We believe a key driver of our success has been our ability to timely implement best operational practices that drive the previously identified improvements in the profitability of our businesses. In our businesses, we have successfully simplified organizational structures, reduced management layers, streamlined decision-making processes, optimized costs and redeployed resources with a focus on network investment, customer service enhancements and marketing support. We expect to continue to focus on achieving operational synergies, including through the integration of

our customer and technical services businesses, ACS and ATS France.

We have an experienced management team and supportive shareholder with a proven track record.

Experienced management with proven track record. Our management has extensive experience in the cable and telecommunications industry and in the French market in particular. Altice Europe cross-deploys talent and expertise across its businesses, allowing us to benefit from Altice Europe's senior management's experience around the world. We believe this diversity of experience differentiates us from our more traditional and localized industry peers. We were created as the successful combination of multiple cable, mobile and media assets in France, which our existing management and shareholders have successfully consolidated into a fully integrated and profitable company. The senior management team includes Alain Weill, CEO of Altice Europe and the Group's Chairman and CEO, Malo Corbin, CFO of Altice Europe, and Armando Pereira, COO of Altice Europe, and COO of the Group. Dennis Okhuijsen serves as an advisor to Altice Europe on all financing and capital structure activity. For more information regarding the management of the Group, see "*Management of the Group*" elsewhere in this Notice.

Strong shareholder support. Altice Europe is supported by an entrepreneurial shareholder, Patrick Drahi, founder of Altice Europe, with over 20 years of experience owning and managing cable and telecommunications companies globally. Mr. Drahi is the President of Altice Europe's board.

Strategy

We intend to leverage and continue to modernize our superior network in order to compete in all market segments to address the growing need for high bandwidth, rapid and reliable network access driven by the digitization of everyday life and business. We intend to continue to offer innovative and differentiated products, services and content in order to generate growth and improve user experience. The key components of our strategy are to:

Grow operating margins and cash flow by leveraging our operational expertise.

We have a successful track record of improving the performance of cable and telecommunication operators. We expect to continue to streamline processes and service offerings and to improve productivity by centralizing our business functions, reorganizing our procurement processes, eliminating duplicative management functions and overhead, terminating lower-return projects and non-essential consulting and third-party service arrangements, optimizing the convergence of our product and service offerings and investing in our employee relations and our culture across our organization. We aim to continue to focus on achieving operational efficiencies by (i) investing in our fiber/cable network, migrating existing DSL subscribers to our own network and reducing the need for third party network services, (ii) optimizing our sales channels and simplifying our brand portfolio, (iii) implementing further procurement efficiencies by leveraging our bargaining power and (iv) further reducing overhead costs. We aim to achieve such operational efficiencies and successfully integrate our businesses through our experienced management team, which has a proven track record of delivering such improvements.

Invest in fixed and mobile infrastructure, as well as sales, marketing and innovation, to maintain our competitive advantage and provide best-in-class services and user experience to our French subscribers.

We aim to remain a technology leader in France by providing innovative, best-in-class services to our subscribers. We believe that our fiber-optic network is the most advanced end-to-end fiber-based fixed network in France, capable of delivering an enhanced user experience to French subscribers and taking advantage of the expected growth in bandwidth demands, while optimizing cost structure. As of September 30, 2019, our fiber/cable network passed approximately 14,207,000 homes in France (including fiber/cable homes passed by SFR FTTH) where we offer one of the most advanced end-to-end based fixed networks, capable of delivering an enhanced user experience to subscribers and taking advantage of the expected growth in bandwidth demand. We are expanding our existing fiber/cable network in France, having rolled out over 1,600,000 new fiber/cable homes passed in each of 2016 and 2017 and approximately a further 1,344,000 fiber/cable homes passed in 2018. In addition, we aim to leverage our mobile network to offer subscribers the most compelling 4P offers in the French market, in particular, through our state-of-the-art 4G network. We accelerated the build-out of our 4G network over the last two years and achieved 4G population coverage of 98.7% in France as of September 30, 2019. For our residential customers, our focus is on new customer platforms and faster data speeds. For our business customers, we are introducing new value-added services, such as next generation remote voice protocol services, hosting and cloud services, which require high bandwidth and offer higher margins. For our media clients, we offer advanced, targeted and multi-screen advertising services and data analytics using our proprietary data and the advanced

technology platforms that we have developed and acquired. We have already invested heavily in our network, having incurred significant capital expenditure (between 22-23% of total consolidated revenue) over the years ended December 31, 2016, 2017 and 2018, and the nine months ended September 30, 2019, respectively, in order to improve our mobile network and roll out new fiber/cable homes. We intend to continue to build up our brands and invest in our networks, services and new technologies in order to maintain our competitive advantage and position ourselves to grow in the future.

Provide a compelling value proposition to residential subscribers in 3P and 4P.

Provide high speed broadband, high quality content and superior mobile services to existing and new residential subscribers. We believe that our network leadership, operational excellence and multi-play strategy are key factors to our success in France. Our strategy is to continue to increase our multi-play customer penetration. We aim to offer existing and new residential subscribers market-leading 3P and 4P packages by accelerating investment in both fiber/cable and 4G infrastructure and leveraging our differentiated product offerings, access to premium content, large customer base and premium brands. Our significant investments in media businesses, such as our investments in NextRadioTV and SFR Presse, evidence our strategy to provide premium content across all platforms to complement our fixed and mobile services and thereby drive bundling and convergence to our multi-play offerings. As of September 30, 2019, we had approximately 6,312,000 total residential fixed unique customers and approximately 15,668,000 residential mobile subscribers.

Leverage our large customer base to up- and cross-sell our fiber/cable, mobile and premium content products as well as gain market share from new customers. Our primary focus is to up- and cross-sell offerings to our existing customer base, including fiber/cable, mobile and premium content. We believe that our competitive and differentiated product offerings will act as natural drivers of up- and cross-selling. For example, we expect the investments in improvements to our innovative set-top box technology will attract new premium package customers and prompt existing fixed customers to upgrade to our fiber/cable and premium packages which offer these products as standard. In addition, we intend to leverage our leading product offerings, brand image and store network to increase our market share by capturing new subscribers that are in need of higher speeds and bandwidth.

Selectively invest in key premium content to enrich our communications service offerings and differentiate our offerings in the market place.

We plan to invest selectively in premium content and accelerate the development of multimedia projects as part of our long-term strategy of converging our telecommunications assets with media channels and content development, production and distribution to offer greater value and differentiated products and services to our customers. We have rights to broadcast and/or distribute various premium sports events, including the French Athletics Federation, English Premier League (through an agreement with Canal+), French Basketball League, English Rugby Premiership and, UEFA Champions League and UEFA Europa League fixtures in France. We believe that these arrangements will enhance our profile in the market and help us differentiate ourselves from our competitors. In addition, we have made notable investments in the French media businesses in 2016 and 2017, including the acquisition of NextRadioTV and SFR Presse, which have strengthened our position as a true content publisher. We have also made substantial investments in other high quality content, which serve to differentiate our service offerings from those of our competitors.

Leverage our networks to exploit new growth opportunities, including business services markets.

We believe that our dense fiber/cable network will position us ideally to service new demand from corporate customers and to benefit from the convergence of fixed and mobile usage with relatively lower levels of capital investment compared to some of our peers. We aim to leverage our well-invested infrastructures to offer tailored data solutions and capture profitable growth in these markets, thereby maximizing the return on our network assets. As the B2B telecommunications market shifts to next generation services, including IP VPN, hosting and cloud services, which are more bandwidth intensive and complex and offer higher margins, we will look to opportunistically expand our business services, which offer important economies of scale and synergies with our residential operations. Our fiber/cable network is both powerful and flexible, has the high capacity bandwidth necessary to offer these next generation services and is fully adaptable to future services that may require even greater bandwidth capacity and reliability. We intend to capitalize on the combination of our powerful network and expertise in critical network architecture to grow our customer base and increase our offering of higher margin next generation and data products and services.

In addition, as mobile internet traffic is expected to grow, primarily due to the development of smart devices supporting multiple wireless technologies, we believe that our high capacity backbone will differentiate us from our competitors as it enables us to offer a compelling backhaul offload offering to MVNOs. We benefit from a full range of services deployed to meet the evolving needs of B2B subscribers and have 11 national data centers. We are also a strong challenger to the incumbent operator in the B2B market and, in recent years, have been able to strategically redeploy our sales force to fully address, and compete effectively against, the incumbent operator in all B2B market sub-segments. We intend to continue to increase our market share in the B2B segment and address adjacent market segments including cloud services and M2M communications.

Guidance

In connection with its earnings release for the quarter ended September 30, 2019, Altice Europe reiterated its announcement with respect to Altice France that for the full year ended December 31, 2019, it expects:

- revenue growth of 5-6% for Altice France; and
- Adjusted EBITDA within a range of €4.1 billion to €4.2 billion generated at Altice France.

These financial targets have been prepared and verified in good faith by our management based on our forecasted business plan, which are subject to a number of assumptions, and have not been audited or reviewed by our independent auditors or any other person. As these financial targets are forecasts and dependent on future performance, investors are cautioned not to place undue reliance on them. Where our financial targets are expressed as a range, there can be no assurance as to where within such range our actual results of operations will in fact be. In preparing financial targets, we have in general assumed that there will be no material changes in existing political, legal, fiscal, market or economic conditions or in applicable legislation, regulations or rules (including, but not limited to, accounting policies and accounting treatments), which, individually or in the aggregate, would be material to our results of operations and that we will not become party to any litigation or administrative proceeding of which we are currently unaware that might have a material impact on our results of operations. Such assumptions may prove to be incorrect, we may decide to alter our short- or medium-term priorities or strategic plan or we may decide to deviate from our financial targets at any time, for example if compelling business opportunities arise. Other factors that could cause our actual results to differ materially from such targets include, but are not limited to, those described under "*Forward-Looking Statements*" and "*Risk Factors*".

Recent Developments

September 2019 Refinancing Transactions

On September 27, 2019, the Group issued $1,100 million aggregate principal amount of its 5.500% senior secured notes due 2028 (the "**Existing 2028 Senior Secured Dollar Notes**"), €1,000 million aggregate principal amount of its 3.375% senior secured notes due 2028 (the "**Existing 2028 Senior Secured Euro Notes**", together with the Existing 2028 Senior Secured Dollar Notes, the "**Existing 2028 Senior Secured Notes**") and €550 million aggregate principal amount of its 2.500% senior secured notes due 2025 (the "**Existing 2025 Senior Secured Notes**"). The Group, at the same time, also restructured the swap instruments associated with the Existing 2024 Senior Secured Dollar Notes (collectively, the "**September 2019 Issuance**").

The proceeds from the September 2019 Issuance (together with cash on hand) were used, among other things, to (i) redeem the outstanding Existing 2024 Senior Secured Notes in full, in an aggregate principal amount of €1,489 million (equivalent) (the "**Existing 2024 Senior Secured Notes Redemption**"), and (ii) make a distribution to Altice Lux to enable Altice Lux to redeem the outstanding Altice Lux 2022 Notes in full, in an aggregate principal amount of approximately €1,005 million (equivalent). The Existing 2024 Senior Secured Dollar Notes and the Altice Lux 2022 Dollar Notes were redeemed on October 15, 2019. The Existing 2024 Senior Secured Euro Notes and the Altice Lux 2022 Euro Notes were redeemed on October 16, 2019. As part of the redemption, Altice France and Altice Lux paid call premiums of €45 million and €19 million, respectively.

Agreement to Acquire 100% Interest in Covage by SFR FTTH

On November 25, 2019, Altice Europe announced that SFR FTTH entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of all of the equity interest of Covage, a fibre wholesale operator in France (the "**Covage Acquisition**"). The transaction

is expected to close in the first half of 2020. The acquisition will be completed by SFR FTTH for a total cash consideration of €1 billion, out of which €70 million non-recourse debt is expected to be raised at SFR FTTH, €465 million cash equity is expected to be contributed by the Group and €465 million cash equity is expected to be contributed by SFR FTTH financial investors. SFR FTTH is an associate of the Group and has been designated as an Unrestricted Subsidiary under the agreements, instruments and indentures governing the Group's debt, including the Indentures.

Increase in Existing Revolving Credit Facilities

On November 15, 2019, the Group increased the facility E commitment under the Existing Revolving Credit Facilities Agreement in the aggregate principal amount of €201 million. After the increase, the aggregate principal amount of commitments under the Existing Revolving Credit Facilities is €1,115 million.

Intercompany Loan Transactions and Dividends

The Group has borrowed from and made available to Altice Group Lux and Altice Lux various intercompany loans. Since September 30, 2019, the net aggregate principal amount of loans made by the Group to Altice Group Lux and Altice Lux is €250 million.

On December 19, 2019, Altice France declared a dividend advance for an aggregate amount of €501 million (the "**December Dividend**"). A portion of the advance was offset against the intercompany loans previously made to Altice Lux and Altice Group Lux and a residual amount of €182 million remained unpaid (as a debt on dividend) as of December 31, 2019.

The Transactions

The Refinancing

The proceeds from the Proposed Financing, together with cash on balance sheet are expected to be used by the Group to (i) make cash available to Altice Lux through a dividend, distribution and/or one or more upstream loans, the proceeds of which will be used to redeem $1,480 million (€1,357 million equivalent) in aggregate principal amount of outstanding dollar-denominated Existing 2025 Altice Lux Dollar Notes at a redemption price equal to 103.813% of such principal amount, and €750 million in aggregate principal amount of outstanding euro-denominated Existing 2025 Altice Lux Euro Notes at a redemption price equal to 103.125% of such principal amount, in each case, together with any accrued and unpaid interest to, but not including, the redemption date, in accordance with the indenture governing the Existing 2025 Altice Lux Notes (the "**Existing 2025 Altice Lux Notes Redemption**"), (ii) to refinance €500 million of indebtedness outstanding under the Existing Revolving Credit Facility (the "**RCF Refinancing**") and (iii) to pay fees and expenses in connection with the Proposed Financing and such other transactions (such transactions, collectively, the "**Refinancing**". See.

The Proposed Exchange Offer

Substantially concurrently with the Proposed Financing or shortly thereafter, Ypso Finance expects to offer (1) up to $1,600 million of its dollar denominated $10^{1/2}$% senior notes due 2027 (the "**Proposed Dollar Exchange Senior Notes**") to holders of the Existing 2027 Altice Lux Dollar Notes and (2) up to €1,400 million of its euro denominated senior notes due 2027 (the "**Proposed Euro Exchange Senior Notes**") to holders of the Existing 2027 Altice Lux Euro Notes, in each case in accordance with the indenture governing the Existing 2027 Altice Lux Notes in exchange for an equal aggregate principal amount of their corresponding Existing 2027 Altice Lux Notes properly tendered (and not validly withdrawn) and accepted by Ypso Finance.

The Proposed Exchange Offer for each series of Existing 2027 Altice Lux Notes is being made contingent upon satisfaction of the Minimum Tender Condition (as defined below) and is at the sole discretion of the Group. The Existing 2027 Altice Lux Notes exchanged in connection with the Proposed Exchange Offer will be retired and cancelled and will not be reissued.

"**Minimum Tender Condition**" means there have been validly tendered in the Proposed Exchange Offer (and not validly withdrawn) (i) Existing 2027 Altice Lux Dollar Notes representing at least 50.1% of the aggregate principal amount of the Existing 2027 Altice Lux Dollar Notes and (ii) Existing 2027 Altice Lux Euro Notes representing at least 50.1% of the aggregate principal amount of the Existing 2027 Altice Lux Euro Notes.

If the Minimum Tender Condition is met and the Group decides to consummate the Proposed Exchange Offer in its sole discretion, it is expected that the remaining aggregate principal amount of Existing 2027 Altice Lux Notes that are not validly tendered in the Proposed Exchange Offer will be redeemed at a redemption price of 101.000% of such principal amount plus accrued and unpaid interest (the "**Existing 2027 Altice Lux Notes Redemption**") in accordance with the terms of the indenture governing the Existing 2027 Altice Lux Notes. The Existing 2027 Altice Lux Notes Redemption may be financed from cash and/or proceeds of indebtedness of the Group.

There can be no assurance that the Proposed Exchange Offer or the Existing 2027 Altice Lux Notes Redemption will occur in a timely manner or at all. The Proposed Financing is not conditioned upon the successful completion of the Proposed Exchange Offer or the Existing 2027 Altice Lux Notes Redemption.

Nothing in this Notice constitutes an offer of securities or solicitation to buy or exchange securities in connection with the Proposed Exchange Offer. Any existing or potential holders of the Existing 2027 Altice Lux Notes should not rely on any information contained in this Notice and should instead refer to the relevant offering memorandum distributed or to be distributed, as the case may be, in connection with the Proposed Exchange Offer.

The Automatic Exchange

If, on or any time following the Issue Date, all of the Existing 2025 Altice Lux Notes and the Existing 2027 Altice Lux Notes have been cancelled, redeemed or discharged (which could occur as a result of or following the Proposed Exchange Offer) at the sole discretion of the Group (the "**Automatic Exchange Condition**"), then, at Ypso Finance's option, upon no less than three Business Days notice by Ypso Finance to the Trustee, (i) the Dollar Senior Notes will be automatically exchanged for an equal aggregate principal amount of Dollar HoldCo Senior Notes issued by the Altice France HoldCo and (ii) the Euro Senior Notes will be automatically exchanged for an equal aggregate principal amount of Euro HoldCo Senior Notes issued by the Altice France HoldCo (the "**Automatic Exchange**").

The HoldCo Senior Notes will not be guaranteed by any subsidiary of the Altice France HoldCo or any other person. The HoldCo Senior Notes will be secured by certain collateral to be specified.

We refer to the date on which the Automatic Exchange is consummated as the "**Automatic Exchange Date**". In addition, on the Automatic Exchange Date, the outstanding Proposed Dollar Exchange Senior Notes and Proposed Euro Exchange Senior Notes issued by Ypso Finance, will be automatically exchanged for an equal aggregate principal amount of Proposed Dollar Holdco Exchange Notes and Proposed Euro Holdco Exchange Notes issued by the Altice France HoldCo, as applicable.

New Revolving Credit Facility at Altice France Holding S.A.

In a separate transaction, following the date of this Notice, the Altice France HoldCo may enter into additional financing arrangements, including a potential revolving credit facilities agreement to establish a revolving credit facility (the "**HoldCo Revolving Credit Facility**"). If entered into, the HoldCo Revolving Credit Facility will be secured by certain collateral to be specified and may have priority over amounts received from the sale of such collateral pursuant to an enforcement sale or other distressed disposal. The consummation and timing of the HoldCo Revolving Credit Facility remains at the Group's sole option, and there can be no assurance that such HoldCo Revolving Credit Facility will in fact be established, at all or within any given timeframe.

The Company

Altice France S.A. is a French public limited liability company incorporated as a société anonyme, having its registered office at 16, rue du Général Alain de Boissieu, 75015 Paris, France, registered under sole identification number 794 661 470 RCS Paris. The Company changed its corporate name from SFR Group S.A. to Altice France S.A. on February 9, 2018.

Ypso Finance

Ypso Finance Bis S.A., is a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and in the process of registration with the Luxembourg Trade and Companies Register, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

The Altice France HoldCo

Altice France Holding S.A. (formerly known as Altice Luxembourg FR S.A.), is a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B 135 296, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

Principal Shareholders

As of January 22, 2020, Altice Europe, a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Trade Registry under number 63329743, having its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands, owns, through its indirect wholly-owned subsidiaries, 100% of the share capital and 100% of the voting rights in each of the Company, Ypso Finance and the Altice France HoldCo.

Founded by telecommunications entrepreneur Patrick Drahi, Altice Europe is a convergent leader in telecommunications, content, media, entertainment and advertising. Altice Europe delivers innovative, customer-centric products and solutions that connect its over 30 million customers over fiber networks and mobile broadband. Altice Europe is also a provider of enterprise digital solutions to millions of business customers. Altice Europe innovates with technology, research and development and enables people to live out their passions by providing original content, high-quality and compelling TV shows, and international, national and local news channels. Altice Europe delivers live broadcast premium sports events and enables its customers to enjoy the most well-known media and entertainment.

Altice Europe completed an initial public offering of ordinary shares on February 6, 2014, following which its shares are listed on Euronext Amsterdam.

SUMMARY FINANCIAL INFORMATION AND OTHER DATA

The following tables set forth summary financial information and other data of the Group. The consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows presented forth below are derived from the Group's Unaudited Financial Statements and Audited Financial Statements, each prepared in accordance with IFRS as adopted in the European Union, which have been reviewed and audited, respectively, by Deloitte & Associés and KPMG Audit, a department of KPMG S.A..

The summary financial information presented below should be read together with the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" as well as the Group's Historical Consolidated Financial Information, including the accompanying notes, included elsewhere in this Notice.

The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. The Unaudited Financial Statements and the 2018 Financial Statements reflect the change in accounting standards. The Group's consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS 15 in the 2018 Financial Statements. IFRS 9 amendments were booked directly in the opening balance sheet as of January 1, 2018 and the financial information for the year ended December 31, 2017 in the 2018 Financial Statements has not been restated for the impact of IFRS 9. The 2017 Financial Statements and the 2016 Financial Statements have not been restated for the impacts of IFRS 15 or IFRS 9. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements, included elsewhere in this Notice for more information. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the nine months ended September 30, 2018 in the Unaudited Financial Statements and the Audited Financial Statements have not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

As a result of certain acquisitions and disposals that have been consummated by the Group during these periods, and the intra-year timing of such acquisitions and disposals, the comparability of the Historical Consolidated Financial Information over each of the periods presented below may be limited. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2017 compared to the year ended December 31, 2016—Significant Events Affecting Historical Results*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2018 compared to the year ended December 31, 2017—Significant Events Affecting Historical Results*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018—Significant Events Affecting Historical Results*." Unless otherwise specified, the Historical Consolidated Financial Information does not give pro forma effect to the acquisitions and disposals that have been consummated by the Group during the periods presented in this Notice, or to any acquisitions and disposals occurring after September 30, 2019, and may therefore differ from the financial information relating to the Group publicly reported by Altice Europe and its consolidated subsidiaries for the same periods which does give pro forma effect to certain of such acquisitions and disposals.

Consolidated Statement of Income

	For the year ended December 31,						For the nine months ended September 30,			
	2016[1]		2017 (restated)[1]	2018[1]			2018[1]			2019[1]
	(in millions of euros)									
Revenues	10,991	100.0%	10,820	100.0%	10,187	100.0%	7,560	100.0%	7,811	100.0%
Purchasing and subcontracting	(3,961)	(36.0)%	(4,026)	(37.2)%	(3,383)	(33.2)%	(2,446)	32.35%	(2,073)	26.54%
Other operating expenses	(2,263)	(20.6)%	(2,290)	(21.2)%	(2,171)	(21.3)%	(1,687)	22.31%	(1,357)	17.37%
Staff costs and employee benefit expenses	(945)	(8.6)%	(876.8)	(8.1)%	(930)	(9.1)%	(651)	8.61%	(746)	9.55%
Depreciation, amortization and impairment	(2,435)	(22.2)%	(2,781)	(25.7)%	(2,601)	(25.5)%	(1,912)	25.29%	(2,492)	31.90%
Other expenses and income	(432)	(3.9)%	(980)	(9.1)%	(591)	(5.8)%	(324)	4.29%	3,094	39.61%
Operating income	954	8.7%	(134)	(1.2)%	512	5.0%	540	7.14%	4,238	54.26%
Financial income	10	0.1%	209	1.9%	9	0.1%	5	0.07%	3	0.04%
Cost of gross financial debt[2]	(1,043)	(9.5)%	(1,099)	(10.2)%	(832)	(8.2)%	(586)	7.75%	(628)	8.04%
Realized and unrealized gains/(loss) on derivative			—				(1)	0.0%	(115)	1.5%

instruments linked to financial debt[2]										
Other financial expenses[2]	(78)	(0.7)%	(177)	(1.6)%	(253)	(2.5)%	(81)	1.07%	(192)	2.46%
Net result on extinguishment of financial liabilities[2]							(145)	1.9%	(80)	1.0%
Net financial income (expense)[2]	(1,111)	(10.1)%	(1,068)	(9.9)%	(1,075)	(10.6)%	(806)	10.66%	(1,011)	12.94%
Share in net income (loss) of associates	(4)	0.0%	(11)	(0.1)%	(13)	(0.1)%	(9)	0.12%	(121)	1.55%
Income (loss) before taxes	(161)	(1.5)%	(1,212)	(11.2)%	(576)	(5.7)%	(275)	3.64%	3,106	39.76%
Income tax income (expense)	(57)	(0.5)%	428	4.0%	99	1.0%	(35)	0.46%	(29)	0.37%
Net income (loss) from continuing operations	(218)	(2.0)%	(784)	(7.2)%	(477)	(4.7)%	(310)	4.10%	3,077	39.39%
Net income (loss) from discontinued operations	—	—	—	—	—	—	—	—	—	—
Net income (loss)	(218)	(2.0)%	(784)	(7.2)%	(477)	(4.7)%	(310)	4.10%	(3,077)	39.39%
Group share	(210)	(1.9)%	(762)	(7.0)%	(476)	(4.7)%	(308)	4.07%	3,038	38.89%
Non-controlling interests	(8)	(0.1)%	(22)	(0.2)%	(1)	0.0%	(2)	0.03%	39	0.50%

(1) The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. The Unaudited Financial Statements and the 2018 Financial Statements reflect the change in accounting standards. The Group's consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS 15 in the 2018 Financial Statements. IFRS 9 amendments were booked directly in the opening balance sheet as of January 1, 2018 and the financial information for the year ended December 31, 2017 in the 2018 Financial Statements has not been restated for the impact of IFRS 9. The 2017 Financial Statements and the 2016 Financial Statements have not been restated for the impacts of IFRS 15 or IFRS 9. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements, included elsewhere in this Notice for more information. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the nine months ended September 30, 2018 in the Unaudited Financial Statements and the Audited Financial Statements has not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

(2) The Group has decided to revise the presentation of its net financial result effective with the condensed consolidated Financial Statements for the nine months ended Sep 30, 2019, and also has consequently revised the presentation of the comparative information as of September 30, 2018. The presentation for the years ended December 31, 2016, 2017 and 2018 has not been changed. Therefore the amounts of "cost of gross financial debt" and "other financial expenses" and not comparable between the consolidated financial statements accounts and the condensed consolidated financial statements.

Consolidated Statement of Financial Position

	As of December 31,			As of September 30,
	2016[1]	2017 (restated) [1]	2018[1]	2019[1]
Goodwill	11,146	11,199	11,480	11,484
Intangible assets	7,600	6,519	5,902	5,619
Contracts costs	—	152	157	155
Property, plant and equipment	6,021	6,424	6,331	6,283
Rights of use	—	—	—	2,864
Investments in associates	46	23	20	1,623
Non-current financial assets	2,131	736	1,116	1,379
Deferred tax assets	22	12	12	17
Other non-current assets	21	195	266	262
Total non-current assets	26,986	25,259	25,270	29,686
Inventories	235	289	304	363
Trade and other receivables	3,212	3,616	3,550	3,509
Contracts assets	—	266	227	200
Income tax receivables	159	151	111	119
Current financial assets	4	17	2	155
Cash and cash equivalents	452	451	1,069	1,797
Assets held for sale[2]	59	—	522	—
Total current assets	4,121	4,792	5,784	6,143
Total assets	31,107	30,050	31,054	35,828
Equity and liabilities	—	—	—	—
Share capital	443	444	444	444
Additional paid-in capital	5,388	5,403	5,403	3,538
Reserves	(2,221)	(2,738)	(2,025)	1,120
Equity attributable to the owners of the entity	3,609	3,108	3,822	5,102
Non-controlling interests	(37)	(85)	216	233
Consolidated equity	3,572	3,023	4,038	5,334
Non-current borrowings and financial liabilities	17,171	16,854	17,436	17,701
Non-current liability related to rights of use	—	—	—	2,216
Other non-current financial liabilities	325	248	367	313
Non-current provisions	840	476	476	387
Non-current contracts liabilities	—	455	503	507
Deferred tax liabilities	615	357	126	117
Other non-current liabilities	617	112	50	62
Non-current liabilities	19,568	18,503	18,959	21,302
Current borrowings and financial liabilities	485	351	360	1,944
Current liability related to rights of use	—	—	—	651
Other current financial liabilities	1,155	1,107	1,086	940
Trade payables and other liabilities	5,139	6,045	5,558	4,771
Current contracts liabilities	—	517	479	558
Income tax liabilities	207	105	115	118
Current provisions	396	350	217	131
Other current liabilities	540	49	43	78
Liabilities directly associated to assets held for sale	46	—	199	—
Current liabilities	7,968	8,524	8,057	9,192
Total equity and liabilities	31,107	30,050	31,054	35,828

(1) The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. The Unaudited Financial Statements and the 2018 Financial Statements reflect the change in accounting standards. The Group's consolidated statement of financial position for the year ended December 31, 2017 has been restated for the impacts of IFRS 15 in the 2018 Financial Statements. IFRS 9 amendments were booked directly in the opening balance sheet as of January 1, 2018 and the financial information as of December 31, 2017 in the 2018 Financial Statements has not been restated for the impact of IFRS 9. The 2017 Financial Statements and the 2016 Financial Statements have not been restated for the impacts of IFRS 15 or IFRS 9. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements, included elsewhere in this Notice for more information. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information as of December 31, 2018 in the Unaudited Financial Statements and the Audited Financial Statements has not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

(2) Assets held for sale and liabilities directly associated with assets held for sale as of December 31, 2018 reflects assets disposed of and liabilities directly associated with such assets held for sale, as applicable, in connection with the sale of a 49.99% interest in SFR FTTH on March 27, 2019. See "*Business of the Group—Material Contracts—SFR FTTH—Sale of a 49.99% Interest in SFR FTTH*" below and "*Certain Relationships and Related Party Transactions—Transactions with Unrestricted Subsidiaries—Sale of a 49.99% Interest in SFR FTTH*".

Selected Consolidated Cash Flow Data

	For the year ended December 31,			For the nine months ended September 30,	
	2016[1]	2017 (restated)[1]	2018[1]	2018 (restated) [1][*]	2019[1]
Net cash flow provided (used) by operating activities	3,378	2,794	2,711	2,213	2,849
Net cash flow provided (used) by investing activities	(3,247)	(2,704)	(3,174)	(1,802)	(195)
Net cash flow provided (used) by financing activities	40	(117)	1,142	(475)	(1,913)
Net change in cash and cash equivalents	**171**	**(27)**	**679**	**63**	**741**

(*) These amounts were restated to take into account a change in the presentation of cash from January 1, 2019, which now excludes bank overdrafts and acquisitions and disposals of property, plant and equipment and intangible assets which are now net of change in working capital.

(1) The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. The Unaudited Financial Statements and the 2018 Financial Statements reflect the change in accounting standards. The 2017 Financial Statements and the 2016 Financial Statements have not been restated for the impacts of IFRS 15 or IFRS 9. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements, included elsewhere in this Notice for more information. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the nine months ended September 30, 2018 in the Unaudited Financial Statements and the Audited Financial Statements has not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

Adjusted EBITDA and Pro Forma Adjusted EBITDA

	For the year ended December 31,			For the nine months ended September 30,		For the twelve months ended September 30,
	2016[1]	2017 (restated)[1]	2018[1]	2018[1]	2019[1]	2019[1]
	(in millions of euros)					
Adjusted EBITDA[2]	3,838	3,637	3,706	2,776	3,080	4,010
Adjustment for acquisitions and disposals[3]						14
Pro Forma Adjusted EBITDA[4]						4,024

(1) The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. The Unaudited Financial Statements and the 2018 Financial Statements reflect the change in accounting standards. IFRS 9 amendments were booked directly in the opening balance sheet as of January 1, 2018 and the financial information for the year ended December 31, 2017 in the 2018 Financial Statements has not been restated for the impact of IFRS 9. The 2017 Financial Statements and the 2016 Financial Statements have not been restated for the impacts of IFRS 15 or IFRS 9. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements, included elsewhere in this Notice for more information. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the nine months ended September 30, 2018 in the Unaudited Financial Statements and the Audited Financial Statements has not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

(2) Prior to adoption of IFRS 16 Adjusted EBITDA was defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses. Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 *Leases* for operating leases) allowing comparability for each of the periods presented. The Group believes that this measure is useful to investors as it provides them with a measure that excludes certain items that the Group considers to be outside its recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding the Group's earnings and cash-flow generation that allows investors to identify trends in its financial performance. It should not be considered as a substitute measure for operating profit or profit for the period (as determined in accordance with IFRS), cash flows from operating, investing and financing activities or any other measures of performance under IFRS or other generally accepted accounting principles. Adjusted EBITDA as defined by us may not be comparable to similarly titled measures used by other companies. The following table provides a reconciliation of operating income to Adjusted EBITDA.

Reconciliation of operating income to Adjusted EBITDA

	For the year ended December 31,			For the nine months ended September 30,	
	2016[a]	2017 (restated)[a]	2018[a]	2018[a]	2019[a]
	(in millions of euros)				
Operating income	**954**	**(133)**	**512**	**540**	**4,239**
Depreciation, amortization and impairment	2,435	2,781	2,601	1,912	2,492

	For the year ended December 31,			For the nine months ended September 30,	
	2016[a]	2017 (restated)[a]	2018[a]	2018[a]	2019[a]
	(in millions of euros)				
Restructuring costs[b]	167	673	(9)	—	—
Rental expense operating lease[c]	—	—	—	—	(558)
Share-based expenses	4	2	1	1	3
Other expenses and income [d]	278	314	601	324	(3,094)
Adjusted EBITDA	**3,838**	**3,637**	**3,706**	**2,776**	**3,080**

- (a) The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. The Unaudited Financial Statements and the 2018 Financial Statements reflect the change in accounting standards. The Group's consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS 15 in the 2018 Financial Statements. IFRS 9 amendments were booked directly in the opening balance sheet as of January 1, 2018 and the financial information for the year ended December 31, 2017 in the 2018 Financial Statements has not been restated for the impact of IFRS 9. The 2017 Financial Statements and the 2016 Financial Statements have not been restated for the impacts of IFRS 15 or IFRS 9. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements, included elsewhere in this Notice for more information. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the nine months ended September 30, 2018 in the Unaudited Financial Statements and the Audited Financial Statements has not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

- (b) For the year ended December 31, 2016, includes the restructuring costs for retail stores for €37 million and the provisions for restructuring of the retail stores for €98 million. For the year ended December 31, 2017, includes net costs of the telecom division's voluntary plan departure in the amount of €700 million and the reversal related to the employee benefit provision in the amount of €49 million. €349 million of the collective restructuring costs for retail stores and the telecom division was paid in 2017. For the year ended December 31, 2018, includes include the reversal of certain internal provisions in relation to the 2017 departure plan.

- (c) Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation and restructuring costs) and share-based expenses and after operating lease expenses.

- (d) For the year ended December 31, 2016, includes net costs related to litigation in an amount of €162 million, net losses on property, plant and equipment and intangible assets in an amount of €51 million and the impact of contract renegotiation in the period in an amount of €13 million. For the year ended December 31, 2017, includes costs related to litigation in the amount of €34 million, the losses linked to the scrapping of property, plant and equipment and intangible assets in the amount of €109 million and costs related to the change in office premises to the new Altice Europe campus in the amount of €130 million. Litigation costs notably include the reversal of provision for VTI litigation in the amount of €101 million. See "*Business of the Group—Legal Proceedings*". For the year ended December 31, 2018, mainly includes the break-up fee with AENS of €300 million relating to the cancellation of existing content wholesale contracts between Altice France and AENS its replacement with by a new revenue sharing contract with a lower guaranteed amount payable to Altice France), management fees paid to Altice Lux of €59 million, allowances related to Bouygues Telecom settlements of €79 million, impairment of media goodwill of €61 million, net reversal of provisions related to litigation of €64 million, costs related to the change in office premises of €52 million and network sale and buybacks of €28 million. For the nine months ended September 30, 2019, mainly includes the capital gain on the loss of control in SFR FTTH (€3,204 million).

(3) Reflects the impact of the disposal of our controlling stake in Groupe L'express in July 2019 and adjustments in relation to the FOT Acquisition.

(4) Certain covenants applicable to our indebtedness are calculated on the basis of Pro Forma Adjusted EBITDA (as defined in such indebtedness) for the most recent two consecutive fiscal quarters on an annualized basis (i.e., multiplied by 2). The Pro Forma Adjusted EBITDA as set forth in this Notice calculated for the last two quarters ended September 30, 2019 on an annualized basis would have been €4,255 million.

Capital Expenditures

	For the year ended December 31,			For the nine months ended September 30,		For the twelve months ended September 30,
	2016[1	2017[1]	2018 [1]	2018[1](*)	2019[1]	2019[1]
	(in millions of euros)					
Capital Expenditures (accrued) [2]	2,312	2,386	2,247	1,660	1,676	2,264
Adjusted EBITDA less accrued Capital Expenditures		1,250	1,459	1,116	1,404	1,747

(*) These amounts were restated to take into account a change in the presentation of cash which now excludes bank overdrafts and acquisitions and disposals of property, plant and equipment and intangible assets which are now net of change in working capital.

For reconciliation between capital expenditure and payments to acquire tangible and intangible assets please refer to Note 4.3 of the Unaudited Financial Statements.

(1) The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. The Unaudited Financial Statements and the 2018 Financial Statements reflect the change in accounting standards. The Group's consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS 15 in the 2018 Financial Statements. IFRS 9 amendments were booked directly in the opening balance sheet as of January 1, 2018 and the financial information for the year ended December 31, 2017 in the 2018 Financial Statements has not been restated for the impact of IFRS 9. The 2017 Financial Statements and the 2016 Financial Statements have not been restated for the impacts of IFRS 15 or IFRS 9. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements, included elsewhere in this Notice for more information. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the nine months ended September 30, 2018 in the Unaudited Financial Statements and the Audited Financial Statements has not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

(2) Capital Expenditures reflects accrued capital expenditures under the line item "acquisitions of property, plant and equipment and intangible assets".

Other Operating Data

	As of and for the year ended December 31,			As of and for the nine months ended September 30,	
	2016	2017	2018	2018[4]	2019[4]
	(in thousand)				
Fiber/cable homes passed[1]	9,316	10,951	12,295	12,037	14,207
Fixed B2C					
Fiber/cable unique customers[2]	2,038	2,231	2,515	2,506	2,760
Fiber/cable customer net adds	209	193	284	216	186
Total fixed B2C unique customers	6,113	5,943	6,129	6,161	6,312
Total fixed B2C customer net adds	(254)	(171)	186	136	101
Mobile B2C					
Postpaid subscribers	12,327	12,535	13,530	13,555	14,205
Postpaid net adds	(267)	199	1,022	856	456
Prepaid subscribers	2,288	1,842	1,534	1,602	1,464
Total mobile B2C subscribers[3]	14,615	14,351	15,064	15,157	15,668

(1) Includes fiber/cable homes now passed by SFR FTTH. See "*Business of the Group—SFR FTTH*".

(2) Fiber/cable unique customers represents the number of individual end users who have subscribed for one or more of the Group's fiber/cable based services (including pay television, broadband or telephony), without regard to the number of services to which the end user subscribed. It is calculated on a unique premises basis. The total number of fiber/cable customers does not include subscribers to either the Group's mobile or ISP services. Fiber/cable customers for France excludes white-label wholesale subscribers.

(3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks.

(4) Includes the operating data in relation to the FOT Business.

Certain As Adjusted Information

The following table sets forth certain information (i) as adjusted to give effect to the Proposed Financing and the Refinancing (but without giving effect to the Proposed Exchange Offer or the Automatic Exchange) as if such transactions had occurred on September 30, 2019 (the "**Pre-Proposed Exchange Offer Capitalization**) and (ii) as adjusted to give effect to the Transactions, including the successful completion of the Proposed Exchange Offer and assuming that all of the Existing 2027 Altice Lux Notes are properly tendered (and not validly withdrawn) in exchange for the Senior Notes, as if such transactions had occurred on September 30, 2019 (the "**Post- Proposed Exchange Offer Capitalization**"). For further details, please refer to "*Capitalization*".

As of and for the twelve months ended September 30, 2019		As of and for the last two quarters annualized for the six months ended September 30, 2019 (on an annualized basis)	
As adjusted for Pre-Proposed Exchange Offer Capitalization	As adjusted for Post-Proposed Exchange Offer Capitalization	As adjusted for Pre-Proposed Exchange Offer Capitalization	As adjusted for Post-Proposed Exchange Offer Capitalization
(in millions of euros)		(in millions of euros)	

As adjusted total net financial debt (after currency impact of derivative instruments) of the Group[(1)].....	18,312	21,060	18,312	21,060
As adjusted senior net financial debt (after currency impact of derivative instruments) of the Group[(1)].....	16,704	16,704	16,704	16,704
Pro Forma Adjusted EBITDA	4,024	4,024	4,255	4,255
Ratio of as adjusted total net financial debt (after currency impact of derivative instruments) of the Group to *Pro Forma* Adjusted EBITDA.....	**4.6x**	**5.2x**	**4.3x**	**4.9x**
Ratio of as adjusted senior net financial debt (after currency impact of derivative instruments) of the Group to *Pro Forma* Adjusted EBITDA.....	**4.2x**	**4.2x**	**3.9x**	**3.9x**

(1) Reflects consolidated total financial debt of the Group after taking into account the exchange rate effect of derivative instruments with respect to our existing debt minus cash and cash equivalents, on an as adjusted basis after giving effect to the Pre-Proposed Exchange Offer Capitalization and Post-Proposed Exchange Offer Capitalization, as applicable. It does not give effect to €250 million of net cash made available by the Group to Altice Group Lux and Altice Lux under various intercompany loans after September 30, 2019 or any other changes in consolidated financial debt or cash and cash equivalents after September 30, 2019. This amount does not give effect to IFRS 16. See "*Summary—The Transactions*", and "*Capitalization*"

(2) Reflects consolidated senior financial debt of the Group (comprising of the Senior Secured Notes , the Existing Senior Secured Notes, the Existing Term Loans, the Existing Revolving Credit Facilities, the 2019 Hivory Senior Revolving Facilities and finance leases and other liabilities (prior to giving effect to IFRS 16)) after taking into account the exchange rate effect of derivative instruments with respect to our existing debt minus cash and cash equivalents, on an as adjusted basis after giving effect to the Pre-Proposed Exchange Offer Capitalization and Post-Proposed Exchange Offer Capitalization, as applicable. It does not give effect to €250 million of net cash made available by the Group to Altice Group Lux and Altice Lux under various intercompany loans after September 30, 2019 or any other changes in consolidated senior financial debt or cash and cash equivalents after September 30, 2019. This amount does not give effect to IFRS 16. See "*Summary—The Transactions*", and "*Capitalization*".

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained in this Notice. If any of the events described below, individually or in combination, were to occur, this could have a material adverse impact on the Group's business, financial condition, results of operations and financial condition and ability to make payments on the Notes and could therefore have a negative effect on the trading price of the Notes. Described below and elsewhere in this Notice are the risks considered to be the most material, although there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could also have material adverse effects on the Group's results of operations, financial condition, business or operations in the future. In addition, the Group's past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. This Notice also contains forward looking statements that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Notice. See "Forward-Looking Statements".

In this section, unless the context otherwise requires, the terms "Group", "we", "us" and "our" refer to the Companies and their subsidiaries.

Risks Relating to the Group's Business, Technology and Competition

The Group faces significant competition in each of the industries in which the Group operates and competitive pressures could have a material adverse effect on the Group's business.

The French telecommunications market is a mature market, marked by very active competition between the main operators and very strong pressure on prices. Despite growth in market size, the French telecommunications market has recently declined in value primarily due to price pressure in the mobile market following the arrival of a fourth player in 2012 and the decline in regulated call termination rates. The Group faces significant competition from established and more recent competitors and may face competition from new entrants and market concentrations in the future. While the nature and level of competition to which the Group is subject vary according to the products and services that it offers, in each case the Group generally competes on the basis of prices, marketing, products, network coverage, characteristics of services, and customer service. The main competitor of the Group in the residential and business services markets overall is Orange, the incumbent telecommunications operator in France, that has greater financial resources and owns a more extensive network than the Group's and that is unlikely to be duplicated or matched by the Group in the near future. Bouygues Telecom Enterprises ("**Bouygues Telecom**") and Iliad are the Group's major competitors in the residential market. In the premium pay-TV market, Groupe Canal+ products are available throughout the French territory via satellite, cable, and DTT and DSL technologies. The Group's main competitor in business services markets overall is Orange, the incumbent telecommunications operator in France. Orange has greater financial resources and owns a more extensive network than the Group which the Group is unlikely to duplicate or match in the near future. In the residential market, in addition to Orange and Bouygues Telecom, the Group also competes with international telecommunications operators such as Colt, Verizon, AT&T, and BT, which offer multinationals access to their international networks while the Group's network is available only in France. The Group also has operations in the French Overseas Territories that face competition and competitive pressure risks similar to those described herein.

The Group's products and services are also subject to increasing competition from alternative new technologies or improvements in existing technologies. New players from sectors that are either unregulated or subject to different regulations (including internet players such as Yahoo!, Google, Microsoft, Amazon, Apple, YouTube, Netflix and other audiovisual players, media players and "over the top" ("**OTT**") (of an existing broadband internet network) players) have also emerged as competitors to the Group's video content offering. These players are taking advantage of improved connectivity and platform agnostic technologies to offer OTT and cloud-based services. Telecommunications operators are expected to maintain traditional access services and billing relationships over which users access services from adjacent players such as well-known companies offering music, video, photos, apps and retail. The rapid success of audiovisual content streamed through the telecommunications network and insufficient innovation could lead to the emergence of other content or service providers as well as the saturation of the market, which would put pressure on the revenues and margins of operators like the Group, while simultaneously requiring them to increase capital expenditures to remain competitive, which could adversely affect the Group's business, financial condition or results of operations.

Moreover, the Group is also facing competition from non-traditional mobile voice and data services based on new mobile internet technologies, in particular OTT applications, such as Skype, Google Talk, Facetime, Viber and WhatsApp. These OTT applications are often free of charge, accessible via smartphones and allow their users to have access to potentially unlimited messaging and voice services over the internet, thus bypassing more expensive traditional voice and messaging services, such as SMS and MMS, provided by mobile network operators, who are only able to charge the internet data usage for such services. All telecommunications operators are currently competing with OTT service providers who leverage existing infrastructures and operate capital-light business models, enhancing their ability to compete with businesses, such as the Group's, which operate capital-intensive business models. OTT service providers have over the past years become more sophisticated and technological developments have led to a significant improvement in the quality of service, particularly in speech quality. In addition, players with strong brand capability and financial strength, such as Apple, Google and Microsoft, have turned their attention to the provision of OTT audio and data services. In the long term, if non-traditional mobile voice and data services or similar services continue to increase in popularity and if the Group, or more generally all of the telecommunications operators, are not able to address this competition, this could cause declines in subscriber base and profitability across all of the Group's products and services, among other material adverse effects.

In addition, the Group may face increasing competition from the large-scale roll-out of public Wifi networks by local governments and utilities and transportation service providers, new and existing Wifi telecommunications operators and others, which particularly benefits OTT service providers. Due to their ability to leverage existing infrastructure and to roll out public Wifi in a cost-efficient way, the Group's competitors may be better positioned to offer their customers public Wifi access at attractive terms and conditions or as part of their current mobile and landline offerings, which may affect the Group's ability to retain or acquire customers. Furthermore, the Group's competitors may realize cost savings by off-loading mobile data traffic onto their own Wifi networks or those of their partners in order to reduce costs and increase bandwidth more quickly or efficiently than the Group can. An increase in public Wifi networks could also cause declines in profitability as demand for the Group's network and services decreases.

The following is an overview of the competitive landscape in France:

1. Residential—Mobile

The Group competes with service providers that use alternative technologies for internet access, such as satellite technologies or mobile standards such as universal mobile telecommunications system ("**UMTS**") and 3G/4G mobile technologies. These mobile broadband high speed internet access technologies may enable both incumbent and new broadband access providers to provide high bandwidth connection services for voice and data. Furthermore, additional access technologies may be launched in the future that will further increase competition or lead the Group to increase capital expenditure for additional upgrades. Providers of mobile broadband internet access may be able to offer fast internet access speeds at a competitive cost, with the additional possibility of allowing subscribers to access the internet remotely.

The French mobile telephony market is characterized by competition among well-established mobile network operators such as Orange, Bouygues Telecom and Free and other operators without their own mobile networks ("**MVNOs**"). Competition has intensified, particularly as to price, since Free entered the market in early 2012 with a low-priced unlimited calling package. The mobile telephony market in France is currently undergoing a transformation because of competitive pricing, bundled packages no longer including subsidized handsets and the development of "low cost" brands.

After strong price decreases in 2013 and 2014, which resulted in mobile post-paid prices in France being among the lowest in Europe, price pressure eased in 2015 and 2016 but intensified again in 2017, weakened slightly in 2018 and increased again in 2019. If price pressure continues to intensify, the Group's results of operations and financial condition in future periods may be materially adversely affected.

2. Residential—Fixed

In the French pay-TV market, the Group competes with providers of premium television packages such as CanalSat, DSL triple-play and/or quadruple-play operators such as Orange, Free and Bouygues Telecom, which provide IPTV, and providers of pay DTT (such as Canal+, which operates across multiple formats: including IPTV, pay DTT, satellite and cable). The growth of IPTV, which is the most popular pay-TV distribution platform followed by satellite and DTT, has changed the market, opening up the provision of pay-TV services beyond the

traditional methods of cable and satellite, which is limited by the inability to install a satellite dish on the façade of buildings in certain areas, such as central Paris. The Group also competes with satellite television services that may be able to offer a greater range of channels to a larger audience, reaching wider geographic areas (especially in rural areas) for lower prices than the prices of the Group's cable pay-TV services. Any increase in market share of satellite distribution may have a negative impact on the success of the Group's digital cable television services. The Group also faces competition from satellite distribution of free to air television programming. While pay DTT's share of the pay-TV market is currently low, providers of pay DTT may in the future be able to offer a wider range of channels to a larger audience for lower prices than the Group charges.

In the broadband market, the Group provides high speed internet through its cable network and xDSL network and it competes primarily with xDSL and FTTH providers, with FTTH currently being the most widespread technology used to access broadband internet in France. Orange is the leading DSL provider in France, followed by Free, the Group and Bouygues Telecom. While the Group believes that the superior performance and capacity of its fiber optic/cable network compared to its competitors' xDSL networks and the coverage of their fiber networks currently places the Group at a competitive advantage to exploit the increased demand in France for very-high-speed internet in the areas covered by the Group's fiber optic/cable network, such competitive advantage may be diminished to the extent that xDSL operators roll out FTTH or VDSL2 networks. For further information see "*The deployment of fiber optic networks and/or VDSL2 by competitors of the Group could reduce and ultimately eliminate the gap between the speed and the power of the fiber optic/cable network of the Group compared to the DSL networks of its main competitors.*" In addition, the Group's xDSL competitors' networks cover more French households than the Group's network and pricing is very competitive.

3. Business Services—B2B

In the B2B segment the Group's main competitors are Orange (Orange Business Services) and Colt. Bouygues Telecom is also a competitor in the SME segment. The French B2B market for voice services is extremely price sensitive, with sophisticated customers, relatively short term (typically one year) contracts, and vulnerability to cuts in mobile termination rates. The ability to compete effectively is partially a function of network capillarity, and certain of the Group's competitors have a more extensive and denser network than us. In the data market, customers also often seek combined infrastructure and software solutions. As a result, the Group also competes with software and other IT providers of data and network solutions, which may decrease the value customers place on its infrastructure solutions, leading to a reduction in its prices and margins. IT providers may also partner with the Group's infrastructure telecommunications competitors.

4. Business Services—Wholesale

The French wholesale telecommunications market is dominated by Orange and the Group, although Orange's and the Group's market shares vary depending on the segment. The Group also faces competition from consortiums of telecommunications operators and construction companies, such as Covage, Vinci, Eiffage and Axiom (who may lay down fiber in construction sites and then lease them on the wholesale market). The wholesale market for data services in France is less volatile than the voice market. Competition is based primarily, in addition to price, on service quality and technological advancement. The wholesale market for dark fiber infrastructure in France is more open than for wholesale voice and data carriage, as providing it does not require having a dense, national network and does not include any services would require technical expertise.

The Group expects competition in the French telecommunications industry to remain intense and there can be no assurance that the Group will not be negatively impacted by any future consolidation of the Group's competitors or similar developments in one or more of the markets in which the Group competes. For further details regarding the competitive environment, in which we operate, see "*Industry*".

The deployment of fiber optic networks and/or VDSL2 by competitors of the Group could reduce and ultimately eliminate the gap between the speed and the power of the fiber optic/cable network of the Group compared to the DSL networks of its main competitors.

The Group believes that one of its major competitive advantages is the power and speed of its fiber optic/cable network. As of September 30, 2019, the Group's network passed approximately 14,207,000 fiber/cable homes, including fiber/cable homes now passed by SFR FTTH. However, competitors of the Group could deploy fiber and/or VDSL2 networks enabling download speeds and bandwidths that could rival those reached by the Group's network, and thus strongly reduce the Group's competitive advantage. The Group's main competitors (Orange, Free and Bouygues Telecom) have begun to introduce FTTH networks to increase and harmonize their network

speed. On December 4, 2019, Orange unveiled its strategic plan through 2025 indicating its objectives for FTTH lines to include the deployment of approximately 19 million lines in private areas and approximately 4 million lines in private initiative networks areas by 2023, which compares to approximately 10.4 million and 0.4 million as at Q2 2019, respectively. With regard to very-high-speed fixed broadband, Orange has the objective of tripling its investments in fiber optics between 2015 and 2020 and increasing its connected households from 3.6 million at the end of 2014 to 12 million in 2018 and 20 million in 2022 (source: *Orange press release*).

Furthermore, other operators may obtain access to the infrastructure deployed by an operator, through joint projects for financing. All of the DSL operators have announced various agreements on sharing the deployment of FTTH in given areas. For example, Orange and Free entered into a contract in July 2013 providing for the deployment by Free of a fiber network using Orange's infrastructure in approximately 20 French cities, which allows for open access to all competing operators.

In addition, in 2013 the French government announced a FTTH deployment plan of €20 billion (invested by private operators and local authorities) with the objective of providing very-high-speed internet access to the entire territory in 2022. The government will provide a subsidy package of approximately €3,300 million, partly from funding from the Investments for the Future Program managed by the Office of the General Commissioner of Investment under the 2015 Budget Act. The rollout has been divided in three zones: very dense areas (approximately six million households) and low-density areas (approximately 13 million households), that are already covered or will be covered by FTTH with privately-funded networks; and low-density areas (approximately 15 million households), where private operators will co-invest with public partners. Orange and the Group will lead the deployment of the very-high speed network in privately-funded, low density areas, with the Group being in charge of approximately 20% of the network deployment. Various local and regional authorities have already extended subsidies to network operators, including the Group, to install FTTH connections. This trend should continue, as certain departments, municipalities and regions, such as Hauts-de-Seine, Amiens and Louvin, for example, have entered into public-private partnerships to encourage such investments. In such areas, various operators will have access to the network and will be able to compete. In addition, in accordance with the conditions established by ARCEP, third-party operators may have access to the infrastructure used by an operator, including by co-financing projects, for their own very-high-speed internet offers.

As a result, FTTH deployment by the Group's competitors could accelerate and the share of FTTH on the high-speed internet market could grow significantly, thereby eliminating or reducing the Group's fixed network advantage. While parts of the Group's network may be eligible for the program, its effect on the Group and the future of fiber deployment in France are unclear as of January 22, 2020.

VDSL2 technology has also been implemented in some areas by competitors of the Group. Deployment of VDSL2 only requires adding VDSL2 cards in already deployed digital subscriber line access multiplexers ("**DSLAMs**") and does not involve physical intervention at the subscriber's premises. Moreover, the deployment of this technology has accelerated since October 2014 given the favorable opinion of the copper experts committee that has allowed the marketing, starting from that date, of VDSL2 in indirect distribution on all lines from a main distribution frame ("**MDF**") on Orange's local copper loop. As of December 31, 2018, approximately 5,950,000 households were eligible for VDSL2 (source: *ARCEP*).

If the competitors of the Group continue to deploy or significantly increase their fiber optic networks they could be able to compete with the Group in terms of the offering of high-speed internet and television services of a quality and speed greater than or equal to those of the Group, thus potentially eliminating the Group's current competitive advantage, increasing the pressure upon prices and margins and leading the Group to make significant investments in order to match the services they offer. Deployment of VDSL2 and/or fiber optic networks by competitors also represents a risk for the business services activity of the Group, particularly with regard to medium-sized, small-to-medium-sized and very-small-sized businesses to which the Group's DSL and fiber/cable networks network presently represent an advantage. Although the Group is preparing for this deployment by improving its product range and building out its fiber/cable network, such deployment could have a material adverse effect on the Group's business, financial position and results of operations.

Changes in competitive offerings for content, including the potential rapid adoption of piracy-based video offerings, could adversely impact the Group's business.

The market for content is intensely competitive and subject to rapid change. Through new and existing distribution channels, consumers have increasing options to access entertainment video, sports and other content. The various

economic models underlying these channels include subscription, transactional, ad-supported and piracy-based models. All of these have the potential to capture meaningful segments of the content market. Piracy, in particular, threatens to damage the Group's business, as its fundamental proposition of virtually all content being offered for free to consumers is so compelling and difficult to compete against. Furthermore, in light of the compelling consumer proposition, piracy services are subject to rapid global growth. Traditional providers of content, including broadcasters, as well as internet based e-commerce or content providers are increasing their internet-based offerings. Several of these competitors have long operating histories, large customer bases, strong brand recognition and significant financial, marketing and other resources. They may secure better terms from suppliers, adopt more aggressive pricing and devote more resources to product development, technology, infrastructure, content acquisitions and marketing. New entrants may enter the market, or existing providers may adjust their services, with unique offerings or approaches to providing content. Companies also may enter into business combinations or alliances that strengthen their competitive positions. If the Group is unable to successfully or profitably compete with current and new competitors, the Group's business will be adversely affected, and it may not be able to increase or maintain market share, revenues or profitability.

Acquisitions and other strategic transactions present many risks, including the risk that the Group may not be able to integrate newly acquired operations into its business, which may prevent the Group from realizing the strategic and financial goals contemplated at the time of any such transaction and thus adversely affect the its business.

Historically, the Group's business has grown, in part, through a significant number of selective acquisitions, including the SFR Acquisition that has enabled the Group to take advantage of existing networks, service offerings and management expertise. The Group may continue to grow its business through acquisitions of broadband and mobile communications businesses, content companies and ancillary services that we believe will present opportunities to create value by generating strong cash flows and operational synergies. In addition, we have recently entered into certain strategic transactions, such as the Towers Transactions and the sale of the Group's Voice Carrier Business, to monetize the value of certain of our non-core assets in France, and the sale of a 49.99% interest in SFR FTTH to create an alternative FTTH infrastructure wholesale operator. Moreover, SFR FTTH (an associate of the Group) has entered into agreement to acquire all of the equity intertests interests in Covage, which transaction is expected to close in the first half of 2020. In the future, the Group may enter into similar transactions.

Any acquisition, disposal or other strategic transaction the Group may undertake in the future could result in the incurrence of debt and contingent liabilities and an increase in interest expenses, amortization expenses related to goodwill and other intangible assets or in the use by us of available cash on hand to finance any such acquisitions. The Group may experience difficulties in integrating acquired operations into the Group's business, incur higher than expected costs or fail to realize all of the anticipated benefits or synergies of these acquisitions, if any. Such transactions may also disrupt the Group's relationships with current and new employees, customers and suppliers. In addition, the Group's management may be distracted by such acquisitions and the integration of acquired businesses. Thus, if the Group consummates any further acquisitions or fail to integrate any previous acquisitions, there could be a material adverse effect on the Group's business, financial condition and results of operations. There can be no assurance that we will be successful in completing business acquisitions or integrating previously acquired companies. In addition, the Group's debt burden may increase if we borrow funds to finance any future transactions, which could have a negative impact on the Group's cash flows and the Group's ability to finance our overall operations.

Acquisitions or disposals of additional telecommunications companies may require the approval of governmental authorities (either domestically or, in the case of the EU, at the EU level), which can block, impose conditions on, or delay the process which could result in a failure on our part to proceed with announced transactions on a timely basis or at all, thus hampering our opportunities for growth. In the event conditions are imposed and we fail to meet them in a timely manner, the relevant governmental authority may impose fines and, if in connection with a merger transaction, may require restorative measures, such as mandatory disposition of assets or divestiture of operations.

Although we analyze and conduct due diligence on acquisition targets, our assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations and our inquiries may fail to uncover relevant information. There can be no assurance that our assessments or due diligence of and assumptions regarding acquisition targets will prove to be correct, and actual developments may differ significantly from our expectations. Moreover, our plans to acquire additional businesses in the future are subject to the availability of suitable opportunities. The Group's competitors may also follow similar acquisition strategies and may have greater financial resources available for investments or may be willing to accept less favorable

terms than we can accept, which may prevent us from acquiring businesses that we target to the benefit of our competitors.

The operating complexity of the Group's business and the responsibilities of management have increased significantly as a result of the growth of our business through acquisitions, which may place significant strain on our managerial and operational resources. The Group may be unable to allocate sufficient managerial and operational resources to meet our needs as our business grows, and our current operational and financial systems and managerial controls and procedures may become inadequate.

Although the Group considers the operational and financial systems and managerial controls and procedures that we currently have in place to be adequate for the Group's purposes, we recognize that the effectiveness of these systems, controls and procedures needs to be kept under regular review as the Group's business grows. The Group will have to maintain close coordination among our logistical, technical, accounting, finance, marketing and sales personnel. Management of growth will also require, among other things, continued development of financial and management controls and information technology systems. The constant growth may strain our managerial resources which may require the Group to hire additional managerial resources. The Group may be unable to hire managers with the relevant expertise or the hiring process may require significant time and resources, all of which could result in a disruption in the Group's management, growth, operational and financial systems, managerial controls and procedures and, accordingly, the Group's business, financial condition and results of operations.

The Group periodically evaluates, and have engaged in, the disposition of certain non-core assets and businesses. Divestitures could involve difficulties in the separation of operations, services, products and personnel, the diversion of management's attention, the disruption of our business and the potential loss of key employees. After reaching an agreement with a buyer for the disposition of a business, the transaction may be subject to the satisfaction of pre-closing conditions as well as to obtaining necessary regulatory and government approvals, which, if not satisfied or obtained, may prevent us from completing the transaction. Divestitures may also involve continued financial involvement in the divested assets and businesses, such as indemnities or other financial obligations, in which the performance of the divested assets or businesses could impact our results of operations. Any divestiture we undertake could adversely affect our financial condition and results of operations. In certain cases, we have entered into or may enter into joint venture arrangements with a majority or minority interest in such joint ventures. Even in cases where we have retained a majority interest our joint venture partner may have significant influence over policies, including consent rights with respect to certain specified matters. The Group has a lesser degree of control over the business operations of the joint ventures and businesses in which it has made minority investments.

The Group might not be able to effectively implement or adapt its business strategy.

The Group has based its strategy on its vision of the market, especially the importance of very-high-speed fiber/cable and mobile networks and of fixed-mobile convergence. At the core of the Group's strategy is a return to revenue, profitability and cash flow growth. Key elements of this strategy include: (i) operational and financial turnaround under the leadership of a new management team; (ii) optimizing commercial performance with a particular focus on customer services; (iii) continuing to invest in best-in-class infrastructure commensurate with its market position; and (iv) monetizing content investments through various pay TV models and growing advertising revenue. However, the Group is evolving in a market affected by economic, competitive and regulatory uncertainty and the Group must regularly adapt its business model to take into account market changes such as changes in consumer behavior, introduction of new technology, products or services, competition and the development of specific pricing policies, the adaptation of its structural costs, the streamlining of its operational organization, and the adaptation of its sales strategy. If the measures taken by the Group does not meet the demands, expectations, or habits of the consumer, it will have an adverse effect on the return on investments, financial targets, market share, and revenues generated. Consequently, any development of the Group's business strategy that proves not to be sufficiently adapted to the actual trends and demands, expectations, or habits of the consumer in the telecommunications market may not achieve its desired goals and/or have a material adverse effect on its business, financial position and results of operations.

Moreover, the transformation of the Group following the execution of certain strategic transactions, including non-core asset disposals, strategic acquisitions and investments or entry into joint venture arrangements, could create operational difficulties and unforeseen expenses and could give rise to significant administrative, financial, and managerial challenges involving the activity of the Group. Such strategic transactions may also disrupt its ongoing business, cause management's attention to be diverted and result in legal, regulatory, contractual, labor, or other difficulties that have not been foreseen or disclosed.

Revenue from certain of the Group's services is declining, and the Group may be unable to offset this decline.

The Group's total revenues and revenues in the residential fixed, residential mobile, business services and media segments declined in the year ended December 31, 2018 compared to the year ended December 31, 2017. While the Group's total revenue increased for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018, there was a decrease in revenues in the residential – fixed and media segments. The Group's Adjusted EBITDA remained flat for the year ended December 31, 2018 compared to the year ended December 31, 2017 and increased for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018. While the Group is focused on achieving an operational financial turnaround under the leadership of a new management team, there can be no assurance that this trend of declines in revenue will not continue in future periods.

The Group expects its DSL business with Bouygues Telecom to continue to decline. In particular, churn in Bouygues Telecom's DSL white label customers has already led to a decrease in white label subscribers. If the revenue and profitability loss from such businesses is not offset by revenue and profitability growth in other Group businesses, this could have a material adverse effect on the Group's business activities, the results of its operation and financial condition.

In addition, the Group could experience further decreases in customers on its DSL network in the future due to their migration to fiber/cable networks providing them with access to greater internet speeds compared with those available on DSL networks. If the revenue and profitability loss from customers on the Group's DSL network is not offset by revenue and profitability growth on the Group's fiber/cable network, this could have a material adverse effect on the Group's business activities, the results of operation and financial condition.

Customer churn, or the threat of customer churn, may adversely affect the Group's business.

The Group's ability to attract and retain subscribers to our fixed-based services or to increase profitability from existing subscribers will depend in large part on the Group's ability to stimulate and increase subscriber usage, convince subscribers to switch from competitors' services to our services and the Group's ability to minimize customer churn. Customer churn is a measure of the number of customers who stop subscribing for one or more of our products or services. Churn arises mainly as a result of the contractual subscription period (generally 12 months in the residential segments and between one and three years in the business services market), competitive influences, the relocation of clients outside of the Group's network area (which is less extensive than our competitors), introduction of new products and technologies, deterioration of personal financial circumstances, price increases and regulatory developments. Customer churn may also increase if the Group is unable to deliver satisfactory services over its network, or if it modifies the types of services it makes available in a certain region. In addition, customer churn also arises upon the cancellation of services to customers who are delinquent in their payments to the Group. In addition, we outsource many of our customer service functions to third party contractors over which we have less control than if it were performing those tasks itself. The Group has experienced significant churn in mobile and fixed customers in recent years due to intense competition.

Moreover, the churn rate in the Group's white label business may increase for reasons outside the Group's control (as it is not involved in client services and retention). In particular, churn in Bouygues Telecom's DSL white label customers has already led to a decrease in white label subscribers, which is expected to continue in the long term. See "*Business of the Group—Material Contracts—White Label Agreements*". If the Group fails to effectively communicate the benefits of the Group's networks through its marketing advertising efforts, it may not be able to attract new customers and our efforts to attract and retain customers may prove unsuccessful. In addition, any interruption of the Group's services or the removal or unavailability of programming, which may not be under our control, could contribute to increased customer churn. Further the Group's competitors may improve their ability to attract new customers, for example by offering new product bundles or product offerings at lower prices than the Group, which would make it difficult for the Group to retain its current subscribers, and the cost of retaining and acquiring new subscribers could increase. In addition, the Group's business services operations are also subject to tariff churn (i.e. an existing customer negotiating tariff decreases). Large corporate customers in particular are highly sophisticated and often aggressive in seeking to renegotiate the pricing of their contracts, which tends to result in margin pressure. Increased customer or tariff churn may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's growth prospects depend on continued demand for fixed-based and mobile products and services and increased demand for bundled and premium offerings.

The use of broadband, television and fixed-line telephony and mobile services in France has increased sharply in recent years. The Group has benefited from this growth in recent years and its growth and profitability depend, in part, on continued demand for these services in the coming years. The Group relies on its multi-play and premium television services to attract new customers and to migrate existing customers to such services. Therefore, if demand for multi-play products and premium television services does not increase as expected, this could have a material adverse effect on our business, financial condition and results of operations.

The Group's future revenue growth depends in part on market acceptance of new product introductions and product innovations.

In general, the telecommunications industry is characterized by the frequent introduction of new products and services or upgrading of existing products and services, in connection with new technologies, as well as changes in usage patterns and in customer needs and priorities. The Group's long term results of operations therefore depend substantially upon its ability to continue to conceive, design, source and market new products and services as well as continuing market acceptance of the Group's existing and future products and services. Should the Group fail to or be significantly delayed in introducing new products and services in the future, if the Group's new products and services are not accepted by customers, or if the Group's competitors introduce more sophisticated or more popular products and services, the Group's business and results of operations may be adversely affected.

If the Group is unable to obtain attractive content on satisfactory terms for its services, the demand for these services could be reduced, thereby lowering revenue and profitability.

The success of the Group's pay TV services depends on access to an attractive selection of television programming. For example, the ability to provide movies, sports and other popular programming, including video-on-demand ("**VOD**") content, is a major factor that attracts subscribers to pay TV services, especially premium services. The Group relies on digital programming suppliers for a significant portion of the Group's programming content and VOD services. The Group may not be able to obtain sufficient high quality programming and other content from third party producers for the Group's digital cable television and other services on satisfactory terms or at all in order to offer compelling digital cable television services. The Group also relies on certain of its competitors for the provision of certain content offerings. In addition, to the extent that the Group is unable to reach agreements with certain content providers on terms that the Group believes is reasonable, the Group may be forced, or may determine for strategic or business reasons, to remove such content from its line-up and may decide to replace it with other programming, which may not be available on acceptable terms or be as attractive to customers. There can be no assurance that the Group's expiring programming and other content contracts will be renewed on favorable or comparable terms or at all, or that the rights the Group negotiates will be adequate for it to execute the Group's business strategy. The inability to obtain high quality content, may also limit the Group's ability to migrate customers from lower tier programming to higher tier products, thereby inhibiting the Group's ability to execute its business strategy. Any or all of these factors could result in reduced demand for, and lower revenue and profitability from, the Group's digital cable television and other content services.

Programming and content-related costs are one of the Group's largest categories of expenses. In recent years, the cost of programming in the cable and satellite video industries has increased significantly and is expected to continue to increase, particularly with respect to costs for sports programming and broadcast networks. The Group may not be able to pass these increased programming costs on to the Group's subscribers due to the increasingly competitive environment that the Group operates in. If the Group is unable to pass these increased programming costs on to its subscribers, its business, financial condition and results of operations may be adversely affected. Moreover, programming costs typically include a minimum guaranteed amount and a variable amount related directly to the number of subscribers to whom the programming is provided, which may affect the Group's ability to negotiate lower per-subscriber programming costs and which could impact the Group's operating margins. The expiration dates of the Group's various programming contracts are staggered, which results in the expiration of a portion of its programming contracts throughout each year. Altice Europe may not be able to renegotiate these agreements on terms as favorable as those of the current agreements, or at all, which could result in a decline in the revenue generated or an increase in the Group's costs deriving from broadcaster licences.

The Group attempts to control its programming costs and, therefore, the cost of the video services it charges to its customers, by negotiating favorable terms for the renewal of its affiliation agreements with programmers. To the

extent the Group is unable to reach agreements with certain programmers on terms it believes are reasonable, the Group may be forced to, or determine for strategic reasons to, remove certain programming from its line-up and may decide to replace such programming with alternatives which may not be as attractive to consumers or available on acceptable terms. Such negotiations have in the past and may in the future affect the Group's carriage of particular programming services.

Some of the Group's programming contracts require it to pay prices for the programming based on a guaranteed minimum number of subscribers, even if that number is larger than the number of actual subscribers, whereas some of the Group's programming contracts are based on a flat fee irrespective of the popularity of the content purchased under such contract. As a result, if the Group misjudges anticipated demand for the programming or if the programming it acquires does not attract the number of viewers anticipated, the profitability of the Group's television services may be impaired. Furthermore, as the Group purchases a significant portion of its content from various content providers under relatively short term contracts, the prices the Group pays to purchase such content is subject to change and may increase significantly in the future, which could have a material adverse effect on the Group's results of operations.

Furthermore, program providers and broadcasters may elect to distribute their programming through other distribution platforms, such as satellite platforms, digital terrestrial broadcasting or IPTV, or may enter into exclusive arrangements with other distributors. Such actions may inconvenience some of the Group's subscribers and can lead to customer dissatisfaction and, in certain cases, the loss of customers, which may have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, as long as the Group continues to develop its VOD and other interactive services, its ability to acquire programs for its free VOD offerings (replay), VOD by subscription, and one-time VOD will become more and more crucial and will depend on the ability of the Group to maintain a relationship and cooperation with content providers and broadcasters, for both standard-definition as well as HD content.

If the Group cannot obtain and keep competitive programs at attractive prices on its networks, demand for its services could decline, thus limiting its ability to maintain or increase the revenue. A loss of programs or an inability to ensure the availability of premium content under favorable terms could have a material adverse effect on the business activities of the Group, its financial position and its results of operations.

The Group's business is capital-intensive and its capital expenditures may not generate a positive return or the Group may be unable or unwilling to make additional capital expenditures.

The Group's business demands significant capital expenditures to add customers to our networks, including expenditures relating to equipment and labor. In particular, the Group incurs significant capital expenses for the deployment of new technologies such as 4G and 5G (for the purchase of frequencies and the deployment of network infrastructures) for its mobile operations and fiber optics (for the deployment of the fiber infrastructure) and for its fixed operations. Moreover, as spectrum auctions are infrequent and the Group may need additional spectrum in the future, the Group will likely participate in future spectrum auctions even though it might not, at the time of auction, require additional spectrum capacity. Such participation would require significant capital expenditures in the near term as acquiring spectrum is expensive, due in part to the fact that spectrum availability is limited.

Furthermore, new technologies and the use of multiple applications increasing customers' bandwidth requirements could lead to saturation of the networks and require telecommunications operators to make additional investments to increase the capacity of their infrastructures. Moreover, the Group regularly invests in the content that we offer in order to provide our subscribers with a flexible and diverse range of programming and other content options, including high-quality local content and exclusive premium content, in order to reduce churn.

For example, the structure of the French telecommunications market does not allow telecommunications operators to pass along their investment costs to the end consumer in proportion to the volume of data consumed. Accordingly, telecommunications operators may not benefit from increased revenues from the growing demand for data and content even though they incur the costs of such demand through their investments in infrastructure.

The Group is also bound by certain obligations of access and/or coverage for its fiber/cable and/or mobile network, particularly under its mobile licences, such as obligations to allow roaming or sharing of networks in certain deployment zones. This requires the Group to make significant and frequent investments and the conditions for

the implementation of these obligations, including some prices (such as roaming rates), may be regulated within the EU. Given such constraints, the Group may not be able to operate its network under economically favorable conditions, which could affect the profitability of its investments. The Group may be subject to similar obligations in the future, which could have a material effect on the manner in which the Group operates its business and, accordingly, on its outlook, financial position or results of operations.

It cannot be guaranteed that the Group will continue to have sufficient resources to maintain the quality of its network and of its other products and services, and to expand the Group's network coverage, which are key elements for its growth of over the long term. Unforeseen investment expenses, an inability to finance them at an acceptable cost or even an inability to make profitable investments could have a material adverse effect on the Group's business, outlook, financial position or results of operations.

The Group is subject to increasing operating costs and inflation risks which may adversely affect its earnings.

While the Group generally attempts to increase our subscription rates to offset increases in operating costs, there is no assurance that it will be able to do so due to competitive and other factors. Therefore, operating costs may rise faster than associated revenue, resulting in a material negative impact on the Group's cash flow and results of operations. The Group is also affected by inflationary increases in salaries, wages, benefits and other administrative costs which the Group may not be in a position to pass on to its customers, which in turn could have a material adverse effect on its financial condition and results of operations.

The continuity of the Group's services strongly depends on the proper functioning of its IT and network infrastructure and any failure of this infrastructure could have a material adverse effect on the business of the Group, its financial position and its results of operations.

The reliability and quality (both in terms of service as well as availability) of the Group's information systems and networks, particularly for its mobile and fixed businesses, are key components of its business activities, the continuity of its services and the confidence of its customers. More specifically, the unavailability or failure of information systems used by the Group, the Group's network, the production of "electronic" communications services and television, the Group's website, and the customer service function of the Group, could significantly disrupt the Group's business.

A flood, fire, other natural disaster, war, act of terrorism, power failure, cyber-attack, computer virus or other catastrophe affecting a portion of the Group's network could have a material adverse impact on its business and its relations with customers. For example, the Group's business in the French Overseas Territories has experienced network disruptions and other adverse effects in the past, and may experience network disruption and other adverse effects in the future, as a result of extreme weather and other environmental conditions. Measures with the aim of remedying such disasters, safety and security measures, or measures for protecting service continuity that have been undertaken or may be undertaken in the future by the Group, as well as the effects thereof on the performance of its network, could be insufficient to avoid losses. The Group is insured against operating losses only up to a capped amount, any disaster or other damage affecting the network of the Group could result in significant uninsured losses. The Group's network may be subjected to disruptions and to significant technological problems, and such difficulties could escalate over time. For example, although the Group's cable networks are generally built in resilient rings to ensure the continuity of network availability in the event of any damage to its underground fibers, if any ring is cut twice in different locations, transmission signals will not be able to pass through, which could cause significant damage to the Group's business. In the event of a power outage or other shortage, we do not have a back up or alternative supply source for all of the Group's network components. The occurrence of any such event could cause interruptions in service or reduce capacity for customers, either of which could reduce the Group's revenue or cause the Group to incur additional expenses. In addition, the occurrence of any such event may subject us to penalties and other sanctions imposed by regulators. Further, the Group may incur costs and revenue losses associated with the unauthorized use of the Group's networks, including administrative and capital costs associated with the unpaid use of the Group's networks as well as with detecting, monitoring and reducing the incidences of fraud. Fraud also impacts interconnection costs, capacity costs, administrative costs and payments to other carriers for unbillable fraudulent roaming charges.

In addition, the Group's business depends on certain crucial systems, particularly its network operations center and its billing and customer service systems. In particular, the support for a large number of systems critical to the network of the Group is located at a relatively limited number of sites. While the Group has extensive backup systems, the risk that these systems may not be sufficient to handle a spike in activity cannot be ruled out, which could lead to a slowdown or unavailability of IT systems for a period of time and, when involving the business

services customers of the Group, to financial penalties. Moreover, the Group may incur legal penalties and reputational damages to the extent that any accident or security breach results in a loss of or damage to customers' data or applications or the inappropriate disclosure of confidential information.

Moreover, the technical projects of the Group that are in progress, involving both information systems and networks, and the plans for migrations planned in the short and medium terms for certain pieces of mobile network equipment, may generate an increased risk of failures of networks and information systems. In particular, the quality of the networks could be impacted by the deployment of the 4G network as well as by the concurrent work of renovating 2G and 3G networks, requiring, among other things, frequent technical interventions. Such work could also result in breakdowns or interruptions in services for the customers of the Group.

Furthermore, the development of the resources used by consumers (for example, videoconferencing, telepresence, and cloud computing for business services customers), of the "Internet of Things", and of new terminals (smartphones, tablets, etc.) may generate risks of saturating the networks due to the large volumes of data that such resources generate or promote the use of.

The end-of-year period is an extremely sensitive sales period. A major failure of the information systems or of any component of the chain of production and logistics during that period would have negative consequences on revenues. To reduce the likelihood of this type of risk occurring, the Group avoids changes to the network and information systems during this period of the year (starting in mid-November until the end of the year), however, there can be no assurance that there will be no failure of the Group's network and information systems during the end-of-year period.

Should all or some of the risks described above materialize, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group depends on hardware, software and other providers of outsourced services, who may discontinue their services or products, seek to charge the Group prices that are not competitive or choose not to renew contracts with the Group.

The Group has important relationships with several suppliers of hardware, software and related services that we use to operate our pay TV, broadband internet, fixed-line telephony, mobile and business services businesses. In certain cases, we have made substantial investments in the equipment or software of a particular supplier, making it difficult for the Group to quickly change supply and maintenance relationships in the event that our initial supplier refuses to offer favorable prices or ceases to produce equipment or provide the support that the Group requires. For example, while we continue to promote a rapid take up of our premium multi-play services using a single set-top box, the Group faces potential risks in securing the required customer set-top box equipment to maintain this roll out as the Group currently relies on a single provider. Currently, the Group has a sufficient supply of these boxes available, but any future shortages may involve significant delays in seeking alternative supplies, may constrain its ability to meet customer demand and may result in increased customer churn. Further, in the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce recourse claims against suppliers, especially if warranties included in contracts with suppliers have expired or are exceeded by those in our contracts with the Group's subscribers, in individual cases, or if the suppliers are insolvent, in whole or in part. In addition, there can be no assurances that the Group will be able to obtain the hardware, software and services it needs for the operation of the Group's business in a timely manner, at competitive terms and in adequate amounts. In particular, in the case of an industry wide cyclical upturn or high demand for a particular product, the Group's suppliers of software, hardware and other services may receive customer orders beyond the capacity of their operations, which could result in delivery delays, particularly where suppliers elect to prioritize other customer accounts. The Group has, from time to time, experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors as well as quality control problems with service providers. The Group may also not be able to recover monies paid to such suppliers or obtain contractual damages to which the Group may be entitled (if any) in the event our suppliers fail to comply with their obligations in a timely manner.

The Group also outsources some of its support services, including parts of its subscriber services, information technology support, technical services, and maintenance operations. Should any of these arrangements be terminated by either contract party, this could result in delays or disruptions to the Group's operations and could result in it incurring additional costs, including if the outsourcing counterparty increases pricing or if the Group is required to locate alternative service providers or in-source previously outsourced services.

The Group is dependent on various third parties in order to provide commercially viable services. For example, the Group depends on Orange to access a portion of its network infrastructure and on Bouygues Telecom for access to certain mobile networks. The Group is generally dependent on access to sites and network infrastructure owned by third parties, including duct space and antennas used for our networks and facility space (colocation). In addition, the Group's telephony services are reliant on its ability to interconnect with the telecommunications networks of other fixed-line, mobile and international operators globally. The Group has limited or no control over the quality and consistency of the services that are supplied to us by third parties. Any deterioration in the provision of such services may affect the Group's business, financial condition and results of operations.

The Group's ability to renew its existing contracts with suppliers of products or services or enter into new contractual relationships with these or other suppliers upon the expiration of existing agreements, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events which may be beyond its control. The occurrence of any of these risks or a significant disruption in the Group's supply of equipment and services from key sourcing partners could create technical problems, damage its reputation, result in the loss of customer relationships and have a material adverse effect on its business, financial condition and results of operations.

Pressure on customer service could adversely affect the Group's business.

The volume of contracts handled by the Group's customer service functions can vary considerably over time. The introduction of new product offerings can initially place significant pressure on the Group's customer service personnel. Increased pressure on such functions is generally associated with decreased satisfaction of customers.

In the business services market, customers require service to be extremely reliable and to be re-established within short timeframes if there is any disruption. Penalties are often payable in the case of failure to meet expected service quality. In addition, product installation can be complex, requiring specialized knowledge and expensive equipment. Delays and service problems may result in both penalties and the potential loss of customers. In these segments, the Group relies on its experienced customer relations personnel to handle any customer issues or requests, and the loss of such personnel can result in the loss of customers.

The Group has in the past experienced significant levels of customer dissatisfaction as a result of operational difficulties. Improvements to customer service functions may be necessary to achieve desired growth levels, and, if the Group fails to manage such improvements effectively and achieve such growth, the Group may in the future experience customer service problems and damage its reputation, contribute to increased churn and/or limit or slow the Group's future growth

The operation of the Group's conditional access systems is dependent on licensed technology and subject to illegal piracy risks.

In order to transmit encrypted digital programs, including the Group's digital pay TV packages and for billing its customers, the Group generates conditional access systems, which rely on a proper functioning of its conditional access systems. Even though the Group requires its conditional access system providers to provide state of the art security for the conditional access systems, the security of the Group's conditional access systems may be compromised by illegal piracy and other means. In addition, the Group's set-top boxes require smart cards before subscribers can receive programming and its smart cards have been and may continue to be illegally duplicated, providing unlawful access to our television signals. While the Group works diligently to reduce the effect of piracy, there can be no assurance that the Group will be able to successfully eliminate the piracy it currently faces. In addition, there can be no assurance that any new conditional access system security that the Group may put in place will not be circumvented. Encryption failures could result in lower revenue, higher costs and increased basic cable subscriber churn or may otherwise have a material adverse effect on the Group's business, financial condition and results of operations.

If the Group fails to successfully introduce new technologies or services, or to respond to technological developments, its business and level of revenue may be adversely affected and it may not be able to recover the cost of investments that it has made.

The Group's business is characterized by rapid technological change and the introduction of new products and services, and it is difficult to forecast the impact such technological innovations will have on our business. If any new or enhanced technologies, products or services that the Group introduces fail to achieve broad market acceptance or experience technical difficulties, the Group's revenue growth, margins and cash flows may be

adversely affected. As a result, the Group may not recover investments that it makes in order to deploy these technologies and services. Enhanced fixed service infrastructure access and mobile services provided by competing operators may be more appealing to customers, and new technologies may enable the Group's competitors to offer not only new services, but to also offer existing standard services at lower prices. The Group may not be able to fund the capital expenditures necessary to keep pace with technological developments. It is possible that alternative technologies that are more advanced than those the Group currently provides may be developed. The Group may not obtain the expected benefits of its investments if more advanced technology is adopted by the market. While the Group attempts to stay ahead of the market, closely following technological developments and making investments implementing such developments, it is difficult to forecast the effect that technical innovations will have on the Group's business. The Group may also be unable to adapt to new or existing technologies to meet customer needs within an appropriate time frame, or a competitor may do so before us, which could have a material adverse effect on our business, financial condition and results of operations. Even if the Group adopts new technologies in a timely manner as they are developed, the cost of such technology may exceed their benefits. The Group's inability to obtain the funding or other resources necessary to expand or further upgrade its systems and provide advanced services in a timely manner, or successfully anticipate the demands of the marketplace, could adversely affect the Group's ability to attract and retain customers and generate revenue.

Furthermore, given the pace of at which the Group launches new offers into the market and the multitude of its bundled service offerings, it may experience vulnerability to revenue leakage as a result of the dynamic changes in networks and IT systems. The Group's revenue chain consists of a complex set of inter-related technologies and processes providing a seamless set of services to the end customer. Although the Group closely monitors the risks related to revenue loss and continuously improves controls in its revenue assurance processes in order to prevent and/or detect cases of revenue leakage, as the set of technologies and business processes grows bigger and more complex, the chance of failure increases in each connection of the revenue chain. Revenue leakage may have an impact on the Group's ability to bill customers correctly for a given service or to receive the correct payment, which may adversely affect the Group's margins and profitability.

The Group anticipates that, over time, new products and services it may introduce will require upgraded or new customer premises equipment, which may constrain the Group's ability to market and distribute such new products and services. For example, the Group does not expect that previously installed internet modems or set-top boxes will be able to support all the enhancements the Group may introduce to our broadband internet or pay TV services over time. A portion of the Group's subscribers will therefore require some form of upgrade or potentially a replacement of their customer premises equipment. Implementing such upgrades may entail additional costs to us and could delay the introduction of enhanced services and therefore reduce our cash flow and profitability, particularly where customers rent such customer premise equipment from us. In addition, we will need to expend significant capital expenditure to fulfil universal service obligations and to upgrade the parts of our networks that are xDSL.

In particular, we must also continue to increase and improve the functionality, availability, and characteristics of our network, particularly by improving its bandwidth capacity and its 4G coverage to meet the growing demand for the services that require very-high-speed telephony and internet services as the telecommunications industry in each of the markets we operate is facing challenges relating to: (i) rapid, significant technological evolution; (ii) frequent improvement of existing products or services resulting from the emergence of new technologies; and (iii) the establishment of new industry practices and standards that make current systems and technologies obsolete. There can be no assurance that we will have sufficient capital to finance such upgrades or that such upgrades will generate a positive return.

The Group may also be required to incur additional marketing and customer service costs in order to retain and attract existing customers to any upgraded products and services we offer, as well as to respond to competitors' advertising pressure, and potentially more extensive marketing campaigns, which may adversely affect our margins. Any of the above occurrences could have a material adverse effect on our business, financial condition and results of operations.

The Group relies on interconnecting telecommunications providers and could be adversely affected if such providers fail to provide these services on a consistent basis and without disruption.

The Group's ability to provide commercially viable telephone services depends upon the Group's ability to interconnect with the telecommunications networks of fixed-line, mobile and international operators in France in order to complete calls between our subscribers and parties on a fixed-line or other mobile telephone network, as well as third parties abroad. Generally, fixed-line telephony, mobile and international operators in France are

obliged by law to provide interconnection to, and not to discriminate against, any other licensed telecommunications operator. The Group has no control over the quality and timing of the investment and maintenance activities that are necessary for these entities to provide us with interconnection to their respective telecommunications networks.

The failure of these or other telecommunications providers to provide reliable interconnections to us on a consistent basis and under terms that are favorable to us could have an adverse effect on our business, financial condition and results of our operations.

In addition, interconnection agreements and interconnection rates are normally subject to regulation in France. Reduced interconnection rates and other decisions by regulators may have a material impact on our business, financial condition and results of our operations.

The Group's business activities and our development depend on the Group's ability to enter into and maintain joint arrangements with other players in the telecommunications field.

Bouygues Network Sharing Agreement

On January 31, 2014, Bouygues Telecom and SFR entered into the Bouygues Network Sharing Agreement to share a portion of their mobile networks. See "*Business of the Group—Material Contracts—Wireless Network Agreements—Bouygues Telecom Agreement*". This agreement aims to allow the two operators to offer their respective customers better geographic coverage and better quality of service, while optimizing costs and investments.

The first deliveries of cellular plans occurred on April 30, 2014. It was at that time that each operator first became aware of the deployment plans and technical characteristics of its partner's sites. The French Competition Authority had prohibited the exchange of technical information prior to the signing of the agreement, and the engineering guidelines had been established on the basis of assumptions that proved to be incorrect in some cases. The discussions that followed upon the initial deliveries of cellular plans led, on October 24, 2014, to adaptation of the agreement and, more specifically, of some engineering choices that had been made at the time when the initial agreement was signed. Prior to its completion, the target date for completing the network was delayed by one year, from the end of 2017 to the end of 2018, to account for the time needed to make these adjustments in the target network engineering.

The Group could be exposed to various risks related to the implementation of the Bouygues Network Sharing Agreement as it will be dependent upon Bouygues Telecom for the part of its network that it is to be responsible for operating. In particular, it will not have any direct operational control over the portion of the network managed by Bouygues Telecom that is to be shared. Therefore, we will not be able to control the quality of the network provided to the customers involved or to implement corrective measures necessary in the event of defect and will be exposed to the risk of failure on the part of Bouygues Telecom.

In addition, the Bouygues Network Sharing Agreement implemented could also fail to generate the expected synergies, especially in terms of geographic coverage or quality of service. Any delay in its implementation may affect the ability of Altice France to achieve the aforementioned objectives of geographic coverage and quality of service. The implementation of the Bouygues Network Sharing Agreement will also require significant capital expenditures and there can be no assurance that Altice France will be able to make a return on such investment or recoup such investment.

Further, in the event of partial or total cessation and/or failure of the joint arrangement, the Group would have to redeploy a network in the zones covered up to that time by the Bouygues Network Sharing Agreement so as to maintain its geographic coverage and the quality of its services. Such redeployment could represent a major expense for the Group. Moreover, the Group cannot guarantee that it will be able, in such a scenario, to implement coverage equivalent to that enjoyed by customers under the Bouygues Network Sharing Agreement.

The competent authorities may, in the future, make decisions jeopardizing the overall economics and/or validity of the Bouygues Network Sharing Agreement. Third parties may also seek to have access to the shared network and take action against Altice France and its partner. On April 29, 2014, Orange filed a complaint with the French Competition Authority with regard to the Bouygues Network Sharing Agreement, alleging that it constituted an anti-competitive practice. Investigations on the merits are currently underway. For more information on these

proceedings, see "*Business of the Group—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Orange v. SFR and Bouygues Telecom (Network Sharing Agreement)*".

Contract relating to the GSM-R mobile telecommunications network

The Group holds a 30% minority stake in the company Synérail, which has entered into an agreement for a joint agreement with Réseau Ferré de France ("**RFF**") for the design, construction, deployment, operation, maintenance and financing of the GSM-R mobile telecommunications network. See *"Business of the Group—Material Contracts—Wireless Network Agreements—Agreement Related to the GSM-R Wireless Telecommunications Network*". The GSM-R project aims to set up a private telecommunications network dedicated to the needs of professionals in rail transport. It enables a European network to be created having a single communications system that is compatible and harmonized among the rail networks, replacing the existing national radio systems. This contract, with a term of 15 years starting March 24, 2010 and for a total amount of €1 billion, provides for the gradual deployment of this network. Altice France is also involved as service provider in the operating phase of the GSM-R network. Delays in deployment caused by Altice France or an inability to achieve the targets provided for in the contract could put Altice France at risk under its contractual obligations to its key partners which could have a material adverse effect on the Group's business, financial position, results of operations or outlook.

The Group is dependent on its national distribution network.

The Group distribute our products and services meant for the general public and businesses directly or indirectly through our national distribution network. Within the framework of our B2C activity, such distribution occurs mainly through our spaces. For indirect distribution of our services, we rely on independent partners, in which we directly or indirectly hold minority stakes.

In particular, the French telecommunications market is characterized by rapid change in the habits and needs of customers. Therefore, the Group is committed to adapting its distribution network accordingly in order to respond to new market characteristics. This evolution of the distribution network involves regular adaptation of indirect distribution and thus on the part of all of its independent partners. However, some of them might not have the ability or might not wish to implement the necessary adaptations. In addition, the Group is engaged in significant disputes with former or current partners, particularly demands to re-characterize agreements for joint arrangements as commercial agent agreements, to obtain compensation due to breakdowns in commercial relations, and to invoke the status of management employee, as well as demands from its own employees for recognition of the Group's status as employer and for application of the employment status applicable inside of the "SFR Social and Economic Unit" ("**UES**") convention. The Group has already implemented policies for adapting its contractual tools in order to prevent such risks and manage tailored protective policies, however it cannot guarantee that such claims will not increase or that the factual or legal arguments put forward by the Group to rebut these claims will be received favorably by the courts. In particular, the Group may be obligated to apply its employment status outside its current UES convention. Such events could have an adverse effect on the Group's distribution network and compel it to modify it. More generally it could have a significant material adverse effect on the organization, business, financial condition, results of operations or prospects of the Group. See "*Business of the Group—Legal Proceedings—Litigation over distribution in the independent network (Consumer Market and SFR Business Team)*".

The Group relies on third parties for access to, and the operation of, certain parts of our network.

The Group is generally dependent on access to sites and land belonging to, and network infrastructure owned by, third parties, including for cable duct space and antennas used for our networks and facility space (colocation). In this respect, the Group has generally obtained leases, rights and licenses from network operators, including incumbent operators, governmental authorities and individuals. For example, in January 2014, we entered into the Bouygues Network Sharing Agreement to share a portion of our mobile networks. See "*Business of the Group—Material Contracts—Wireless Network Agreements—Bouygues Telecom Agreement".* The Group is dependent on Orange to access a portion of our network infrastructure, on Bouygues Telecom to access certain mobile networks and on Canal+ Group, with which we have entered into a number of contracts, for the supply of content.

These contracts are generally subject to rights of termination upon sufficient notice, in the event of a material breach or upon the commencement of liquidation or insolvency proceedings. In the event that the Group is unable to reach agreements with third parties or favorably renegotiate or renew our existing roaming, network sharing agreements or other agreements on terms we believe are reasonable, our fixed-based and mobile services may be adversely affected, which could have a material adverse effect on our business, financial condition and results of

operations. There can be no assurance that such agreements will be renewed on favorable or comparable terms. For a description of the material agreements that the Group is party to as of the date hereof, see "*Business of the Group.*"

The Group's ability to offer our services to customers depends on the performance of these third parties of their obligations under such leases, licenses and rights. If the Group is not able to renew our current lease agreements for these sites and/or enter into new lease agreements for suitable alternate sites, this could have a negative impact on the coverage of our network. If third parties refuse to or only partially fulfil their obligations under or terminate the licenses granted to us or prevent the required access to certain or all of such sites, it could prevent or delay the connection to sites or customers, limit the growth of our offerings and influence the Group's ability to supply high quality services to our customers in a timely and cost effective manner. In addition, the costs of providing services is dependent on the pricing and technical terms under which the Group is given such access and any change in such terms may have a material adverse effect on our business, financial condition and results of operations. In many cases, the Group may not be able to find suitable alternatives at comparable cost or within a reasonable timeframe.

The Group's reputation and financial condition may be negatively affected by problems with the quality and availability of our products.

Many of our products and services including LaBox technology are produced and/or maintained using complex and precise technological processes. These complex products and services may contain defects or experience failures when first introduced or when new or improved versions are released. Despite the testing procedures we have implemented, we cannot guarantee that faults will not be found in our new products and services after their launch. Such faults could result in a loss of or delay in market acceptance of our products and services, increased costs associated with customer support, delays in service, delayed revenue generation or lost revenue, defective products eliminated from inventories and replacement costs, or could undermine our reputation with our customers and within the industry.

Any loss of confidence by our customers may cause sales of our other products and services to drop significantly. Furthermore, the Group may have difficulty identifying customers of defective products and services. As a result, we could incur substantial costs to implement modifications and correct defects. Any of these problems could materially adversely affect our business, financial condition and results of operations.

Furthermore, demand for our products or the products we offer as part of our services, including TV decoders, high-speed routers, mobile handsets, among others, may increase rapidly. The Group may fail to accurately estimate the demand for those products and services, which could result in a temporary shortage of supply leading to a drop in new subscriptions for our services and could have a material adverse impact on our results of operation.

The Group's reputation and business could be materially harmed as a result of, and the Group could be held liable, including criminally liable, for, data loss, data theft, unauthorized access or successful hacking.

The Group's operations depend on the secure and reliable performance of its information technology systems as the nature of the Group's business involves the receipt and storage of information relating to the Group's customers and employees. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target and hardware, software or applications the Group develops or procures from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. The Group may be unable to anticipate these techniques or detect these defects, or to implement in a timely manner effective and efficient countermeasures.

If unauthorized third parties manage to gain access to any of the Group's information technology systems, or if such systems are brought down, unauthorized third parties may be able to misappropriate confidential information, cause interruptions in the Group's operations, access its services without paying, damage its computers or otherwise damage its reputation and business. While the Group continues to invest in measures to protect its networks, any such unauthorized access to the Group's cable television service could result in a loss of revenue, and any failure to respond to security breaches could result in consequences under the Group's agreements with content providers, all of which could have a material adverse effect on its business, financial condition and results of operations. Furthermore, as an electronic communications services provider, the Group may be held liable for the loss, release or inappropriate modification or storage conditions of customer or other data which are carried by the Group's network or stored on the Group's infrastructures. In such circumstances, the Group could be held

liable or be subject to litigation, penalties (including the payment of damages and interest) or adverse publicity that could adversely affect its business, financial condition and results of operations.

The Group's reputation is in part dependent on our relationship with our third party providers.

The Group relies on third-party suppliers to provide services to our customers and to perform our business activities. The Group utilize suppliers of equipment and software, including suppliers of TV decoders, conditional access system suppliers, as well as suppliers of high-speed routers and mobile terminals. The Group also employ the services of subcontractors to maintain our network, manage our call centres, and supply, install, and maintain equipment set up at private households and at the premises of business services customers. The Group cannot guarantee the quality of such services or that these services will comply with the quality and safety standards we impose or require. If there are defects in the equipment or software or the services involving these products, or if the tasks of our subcontractors are not performed properly, it may be difficult or even impossible to make a claim against the suppliers or subcontractors, particularly if the warranties provided for in the contracts entered into with suppliers or subcontractors are not as extensive as those contained in the contracts entered into between us and our customers in certain specific cases or if these suppliers or subcontractors are insolvent or have suspended payments. These difficulties could undermine relations between us and our customers, as well as the reputation of our brand.

Any delay or failure by our third parties suppliers in providing services or products, any increase in their prices, or any decision not to renew their contracts with us could lead to delays or interruptions in our activities. In addition, in many cases we make significant investments in the equipment or software of a particular supplier, which makes it more difficult to rapidly change our procurements or maintenance services if our original supplier refuses to offer us favorable prices or ceases to produce equipment or provide services that we require. If any of these risks materialize, technical problems could arise, our reputation could be impaired and customers could be lost, which could result in a material adverse effect on our business activities, our financial position and our results of operations. See "*Business of the Group—Suppliers.*"

The Group may be held liable for the content hosted on its respective infrastructures or transmitted by its networks.

In its capacity as an internet and/or mobile service provider and host, the Group could be held liable for claims due to the content hosted on its infrastructures or transmitted by its networks (specifically in connection with infringements in terms of press, invasion of privacy and breach of copyright) and thus face significant defense costs, even if its liability was ultimately not proven (since internet access providers and hosts are covered by a limited exemption from liability scheme). The existence of such claims could also harm the reputation of the Group.

The Group's business may be adversely affected by actual or perceived health risks and other environmental requirements relating to exposure to electromagnetic fields through telecommunications equipment.

The Group operates several facilities classified by the government as ICPEs (*installation classée pour la protection de l'environnement*) in mainland France, particularly its data centers. The Group remains attentive to environmental risks that might arise or be discovered in the future and it has adopted programs aimed at ensuring compliance with applicable environmental regulations. Environmental and health concerns are expressed in numerous countries and particularly arise in the context of the deployment of mobile technology regarding exposure to electromagnetic fields through telecommunications equipment, relay antennas and Wifi. A number of studies have been conducted to examine the health effects of mobile phone use and network sites, and some of these studies have been construed as indicating that radiation from mobile phone use causes adverse health effects. The World Health Organization has classified the radiofrequency of electromagnetic fields, linked particularly with the use of cordless phones, as "possibly carcinogenic to humans", but, to date, no adverse health effects have been established as being caused by mobile phone use.

Several lawsuits have been filed against mobile operators and other participants in the mobile industry alleging adverse health effects and other claims relating to radio frequency transmissions to and from sites, handsets and other mobile telecommunications devices. The perception of increased health risks related to mobile network sites may also cause the Group increased difficulty in obtaining leases for new mobile network site locations or renewing leases for existing locations or otherwise in installing mobile telecommunication devices. The fears generated by the potential health risks connected with electromagnetic waves could also lead third parties to act against the Group by, for example, bringing actions demanding the withdrawal of antennas or towers, which could

affect the Group's conduct of operations and the deployment of our network, and could have a material adverse effect on the Group's business, financial position and results of operations. If it is ever determined that health risks existed or that there was a deviation from radiation standards which would result in a health risk from sites, other mobile technology or handsets, this would have a material adverse effect on the Group's business, financial condition and results of operations, including through exposure to potential liability, a reduction in subscribers and reduced usage per subscriber. Furthermore, the Group does not expect to be able to obtain insurance with respect to such liability.

The possible inability of the Group to protect its image, reputation and brand and intellectual property could have a material adverse effect on its business.

The brands under which the Group sells its products and services, including "SFR", "RED by SFR" and Altice are well recognized brands in France and the French Overseas Territories, as applicable. The Group has developed the brands it uses through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. For a description of the Group's brands and offers, see "*Business of the Group—Suppliers*".

These brands have been developed through extensive marketing campaigns, website promotions and customer referrals, and the use of a dedicated sales force and dealer networks. The Group's success depends on its ability to maintain and enhance the image and reputation of its existing products and services and to develop a favorable image and reputation for new products and services. The image and reputation of the Group's products and services may be adversely affected by several factors, including if concerns arise about (i) the quality, reliability and benefit/cost balance of its products and services, (ii) the quality of its support centers or (iii) its ability to deliver the level of service advertised. An event or series of events that threatens the reputation of one or more of the Group's brands, or one or more of the Group's products could have an adverse effect on the value of that brand or product and subsequent revenues therefrom. Restoring the image and reputation of the Group's products and services may be costly and not always possible.

The Group relies upon copyright, trademark and patent laws to establish and protect its intellectual property rights, but no assurance can be given that the actions they have taken or will take in the future will be adequate to prevent violation of our intellectual property rights. Adverse publicity, legal action or other factors could lead to substantial erosion in the value of the Group's brand, which could lead to decreased consumer demand and have a material adverse effect on the Group's business, results of operations or financial condition and prospects.

Although we try to manage the Group's brands, it cannot guarantee that its brands will not be damaged by circumstances that are outside the Group's control or by third parties such as hackers, sponsorees, or interfaces with its clients, such as subcontractors' employees or sales forces, with a resulting negative impact on our activities. In particular, the Group's image is increasingly tied to LaBox and its associated technology, an innovative set-top box which it sources from a third party supplier. A failure on the Group's part to protect its image, reputation and the brands under which the Group markets our products and services may have a material adverse effect on our business and results of operations

The current macroeconomic environment is highly volatile, and continuing instability in global markets may jeopardize the Group's growth targets, have a material adverse effect on the Group's business, financial condition and results of operations and significantly increase the Group's cost of debt.

The Group's operations are subject to macroeconomic and political risks that are outside of its control. The current macroeconomic environment is highly volatile, and continuing instability in global markets, including instability related to international trade, tariffs, sovereign debt issues, the risk of deflation and the stability of the euro, has contributed to a challenging global economic environment. High levels of sovereign debt in the U.S. and certain European countries combined with weak growth and high unemployment could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets as well as other outcomes that might adversely impact our business and financial operations. In Europe, future developments are dependent upon a number of political and economic factors, including the effectiveness of measures by the EU Commission to address debt burdens of certain countries in Europe and the overall stability of the Eurozone.

With regard to currency instability issues, concerns exist in the Eurozone with respect to individual macro fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and

sovereign debt issues in individual Eurozone countries. Further, on June 23, 2016, the United Kingdom held a referendum in which voters approved, on an advisory basis, an exit from the European Union commonly referred to as "Brexit." Although the vote was non-binding, the referendum was passed into law on March 16, 2017 and the British government has commenced negotiations to determine the terms of the United Kingdom's withdrawal from the European Union. The withdrawal process has created substantial political uncertainty within the European Union, uncertainty in international financial markets and reduced economic growth in certain jurisdictions. It is possible that other members of the European monetary union could hold similar referendums regarding their membership within the Eurozone in the future. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries or, in more extreme circumstances, the possible dissolution of the euro entirely, which could result in the redenomination of a portion or, in the extreme case, all of the Group's euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of the Group's assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on the Group's liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the Eurozone countries, which in turn could have an adverse impact on demand for our products and, accordingly, on our revenue and cash flows.

Moreover, any changes from euro to non-euro currencies in countries would require the Group to modify its billing and other financial systems. No assurance can be given that any required modifications could be made within a timeframe that would allow the Group to timely bill its customers or prepare and file required financial reports. In light of the significant exposure that the Group has to the euro through its euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on the Group's business.

On November 8, 2013 Standard & Poor's Ratings Services downgraded France's sovereign debt rating by one notch to AA, where it currently stands. On December 13, 2014, France was downgraded by Fitch by one notch to AA, where it currently stands. On September 18, 2015, France was downgraded by Moody's by one notch to Aa2, where it currently stands. There can be no guarantee that there will not be a downgrade of France's sovereign debt rating in the future. Poor performance of the French economy, particularly due to a possible resurgence of the Eurozone debt crisis, could have a direct negative impact on consumer spending habits and on businesses in relation to products and their usage levels. Such poor performance could (i) make it more difficult for the Group to capture new subscribers and customers, (ii) increase the likelihood that some subscribers or customers of the Group might reduce the level of subscribed services or terminate their subscriptions and (iii) make it more difficult for the Group to keep its prices at current levels.

Negative macroeconomic developments in France, in particular increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers, both in terms of the products they subscribe for and usage levels. Because a substantial portion of our revenue is derived from residential subscribers who may be impacted by these conditions, it may be more difficult to attract new subscribers and more likely that certain of the Group's subscribers will downgrade or disconnect their services. In addition, we can provide no assurances that a deterioration of any of these economies will not lead to a higher number of non-paying customers or generally result in service disconnections. Similarly, a deterioration in economic conditions would be likely to adversely affect the demand for, and pricing of, our business services as a result of businesses and governments reducing spending. Therefore, a weak economy and negative economic development in the French markets may jeopardize our growth targets and may have a material adverse effect on our business, financial condition and results of operations.

Changes in financial accounting standards may cause unexpected revenue fluctuations and affect our reported results of operations.

The preparation of our consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by our management to be reasonable under the circumstances and at the time. These estimates and assumptions form the basis of judgments about the carrying values of assets and liabilities that are not readily available from other sources. Areas requiring more complex judgments may shift over time based on changes business mix and industry practice which could affect our reported amounts of assets, liabilities, income and expenses. In addition, management's judgments, estimates and assumptions and the reported amounts of assets, liabilities, income and expenses may be affected by changes in accounting policy.

In January 2016, the IASB issued a new standard coming into effect on January 1, 2019, IFRS 16 "Leases," which has superseded the current standard (IAS 17) and its current interpretations. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a sufficiently low value. IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. The Group has applied IFRS 16 using the modified retrospective method, with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of the initial application.

IFRS 16 had a significant impact on our consolidated statement of financial position from periods beginning on January 1, 2019, due to the recognition of rights-of-use related to leased assets and corresponding lease liabilities. Moreover, our consolidated statement of profit or loss was impacted as operating lease expenses no longer comprise a part of operating expenses, but instead fall under depreciation and interest expenses. The Group's consolidated statement of cash flows was also impacted given that payment for lease liabilities is now presented within financing activities.

The principal effects of the application of IFRS 16 on our consolidated statement of financial position and results of operations as of January 1, 2019, were a recognition of right-of-use ("**ROU**") assets of €3,233 million which include the lease assets in the amount of €121 million previously recognized under finance leases and reclassified from the property, plant and equipment and intangible assets line items, and an increase in lease liabilities by €3,214 million, of which the current and non-current liabilities increased by €663 million and €2,551 million, respectively.

In addition, the Group is assessing the impact of the current discussions at the IFRIC (IFRS Interpretation Committee) relating to subsurfacing rights that can change the IFRS 16 impacts presented above. For further details on new accounting standards that may have a significant impact on our consolidated financial statements, see Note 1.2 to the 2018 Financial Statements and the Note 1.2.3.1 to the Unaudited Financial Statements included in this Notice.

The Group is closely monitoring the work of IASB and the IFRS Interpretation Committee, aiming to clarify interpretation of IFRS 16, which could lead to a revision of the accounting policies applied by the Group.

The liquidity and value of our interests in certain of the Group's subsidiaries and the Group's ability to take certain corporate actions may be adversely affected by shareholder agreements and other similar agreements to which the Group is a party.

Certain of our operations (including, for example, Hivory, SFR FTTH and our operations in the French Overseas Territories), are conducted through subsidiaries or associates in which third parties hold a minority equity interest or with respect to which we have provided third parties with rights to acquire minority equity interests in the future. The Group's equity interests in such subsidiaries are subject to shareholder agreements, partnership agreements and other instruments and agreements that contain provisions that affect the liquidity, and therefore the realizable value, of those interests. Most of these agreements subject the transfer of equity interests to consent rights, pre-emption rights or rights of first refusal of the other shareholders or partners. All of these provisions will restrict the ability to sell those equity interests and may adversely affect the prices at which those interests may be sold. In addition, the present or potential future shareholders in the Group's subsidiaries have the ability to block certain transactions or decisions that we would otherwise undertake. Although the terms of our investments vary, our operations may be affected if disagreements develop with other equity participants in the Group's subsidiaries. Failure to resolve such disputes could have an adverse effect on our business, financial condition and results of operations.

The Group is exposed to risks of consumer fraud.

As a telecommunications operator, the Group is exposed to risks of fraud in its various activities. These risks are linked in particular with fraudulent subscriptions and orders for the purchase of subsidized terminals and telephone lines. Furthermore, the change in the usage of mobile telephony services and applications against a backdrop of the marketing of new offers, as well as the development of new means of payment, could encourage fraud. The occurrence of such fraudulent activity could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks Relating to the Group's Financial Profile

The Group's significant leverage could adversely affect its business, financial condition and results of operations and prevent the Group from fulfiling its debt obligations under the Notes or impede its ability to raise additional capital to fund our operations.

The Group has significant outstanding debt and debt service requirements and may incur additional debt in the future. As of September 30, 2019, (i) after giving effect to the Pre-Proposed Exchange Offer Capitalization (as defined herein), the Group had total third party debt (excluding other long term and short term liabilities, other than finance lease liabilities prior to giving effect to IFRS 16 of €18,499 million, of which €16,892 million represents consolidated senior financial debt of the Group (comprising of the Senior Secured Notes expected to be offered in the Proposed Financing, the Existing Senior Secured Notes, the Existing Term Loans, the Existing Revolving Credit Facilities, the 2019 Hivory Senior Revolving Facilities and finance leases and other liabilities (prior to giving effect to IFRS 16) and €1,608 million represents the Senior Notes expected to be offered in the Proposed Financing and (ii) after giving effect to the Post-Proposed Exchange Offer Capitalization (as defined herein), the Group had total third party debt (excluding other long term and short term liabilities, other than finance lease liabilities prior to giving effect to IFRS 16 of €21,248 million, of which €16,892 million represents consolidated senior financial debt of the Group (comprising of the Senior Secured Notes expected to be offered in the Proposed Financing, the Existing Senior Secured Notes, the Existing Term Loans, the Existing Revolving Credit Facilities, the 2019 Hivory Senior Revolving Facilities and finance leases and other liabilities (prior to giving effect to IFRS 16) and €4,356 million represents the HoldCo Senior Notes and the Proposed Holdco Exchange Notes), in each case after taking into account the exchange rate effect of derivative instruments. See "*Capitalization.*" For a description of such changes to our financial profile and our third party indebtedness, see "*Description of Indebtedness—Indebtedness of the Group".* The Group's significant level of debt could have important consequences, including, but not limited to, the following:

- requiring the Group to devote a significant portion of its cash flow deriving from its operations to the repayment of its debt, thus reducing the availability of the Group's cash flows for financing internal growth using working capital and investments and for other general business requirements;

- impeding the Group's ability to compete with other providers of pay-TV, broadband internet services, fixed line telephony services, mobile services and business services in the regions in which it operates;

- restricting the Group from exploiting business opportunities or making acquisitions or investments;

- increasing the vulnerability of the Group to a business slowdown or to economic or industrial circumstances;

- limiting the Group's flexibility in planning for or reacting to changes in its business and its sector;

- adversely affecting public perception of the Group and its brands;

- limiting the ability of the Group to make investments in its growth, especially those aimed at modernizing its network; and

- in particular, limiting the Group's ability to borrow additional funds in the future and to increase the costs of such additional financing, especially due to restrictive clauses in our current debt agreements.

Any of these factors or their consequences could have a material adverse effect on the Group's ability to satisfy its debt obligations under the Notes.

The terms of the agreements and instruments governing the Group's debt restrict, but do not prohibit, us from incurring additional debt. The Group may refinance our outstanding debt or increase our consolidated debt for various business reasons which might include, among other things, financing acquisitions, funding the prepayment premiums, if any, on the debt that we refinance, funding distributions to our shareholders or general corporate purposes. In the event that we incur additional debt, the related risks that we now face will intensify.

The Group may not generate sufficient cash flow to fund its capital expenditures, ongoing operations and debt obligations, and may be subject to certain tax liabilities.

The ability of the Group to service its debt and to finance its operations in progress will depend on its ability to generate cash flows. The Group cannot provide any assurance that its businesses will generate sufficient cash flow from operations or that future debt or equity financing will be available to the Group in an amount sufficient to enable the Group to pay its debt obligations when due. The ability of the Group to generate cash flows and finance its capital expenditures, current operations, and debt service obligations depends on numerous factors, including:

- its future operating performance;
- the demand and price levels for its current and projected products and services;
- its ability to maintain the level of technical capacity required on its networks and the subscriber equipment and other pertinent equipment connected to the Group's networks;
- its ability to successfully introduce new products and services;
- its ability to reduce the churn rate;
- the general economic conditions and other circumstances affecting consumer spending;
- competition;
- sufficient distributable reserves, in accordance with applicable law;
- the outcome of certain disputes in which it is involved; and
- legal, tax and regulatory developments affecting the Group's business.

Some of these factors are beyond the control of the Group. If the Group is not able to generate sufficient cash flows it might not be able to repay its debt, expand its business, respond to competitive challenges, or finance its other cash and capital requirements, including capital expenditures. If the Group is not able to meet its debt service obligations, it might have to sell off assets, attempt to restructure or refinance its existing debt or seek additional financing in the form of debt or equity. The Group may not be able to do so in a satisfactory manner, or at all.

The agreements and instruments governing the Group's debt, including the Indenture, contain restrictions and limitations that could adversely affect the Group's ability to operate its business.

The terms of the agreements and instruments governing the Group's debt, including the Indenture, contain a number of significant covenants or other provisions that could adversely affect the Group's ability to operate our business. These covenants restrict the Group's ability, and the ability of its subsidiaries, to, among other things:

- pay dividends or make other distributions;
- make certain investments or acquisitions, including participating in joint ventures
- make capital expenditures;
- engage in transactions with affiliates and other related parties;
- dispose of assets other than in the ordinary course of business;
- merge with other companies;
- incur additional debt and grant guarantees;
- repurchase or redeem equity interests and subordinated debt or issue shares of subsidiaries;

- grant liens and pledge assets; and
- change our business plan.

All of these limitations are subject to certain exceptions and qualifications, including the ability to pay dividends, make investments or to make significant prepayments of shareholder debt. However, these covenants could limit the Group's ability to finance our future operations and capital needs and the Group's ability to pursue business opportunities and activities that may be in our interest. In addition, the Group's ability to comply with these restrictions may be affected by events beyond our control. In addition, the Group is also subject to the affirmative covenants contained in certain of the debt agreements it is a party to, which requires us to maintain specified leverage ratios, see *"Description of Indebtedness—Indebtedness of the Group*". The Group's ability to meet these leverage ratios may be affected by events beyond its control and, as a result, the Group cannot assure you that it will be able to meet these ratios.

In addition to limiting our flexibility in operating our business, the breach of any covenants or obligations under the agreements and instruments governing the Group's debt may result in a default under the applicable debt agreement or instrument and could trigger the acceleration of related debt, which in turn could trigger defaults under agreements governing our other debt. A default under any of the agreements governing our other debt could materially adversely affect our growth, financial condition and results of operations.

A substantial amount of the Group's indebtedness will mature before the Notes, and the Group may not be able to repay this indebtedness or refinance this indebtedness at maturity on favorable terms, or at all.

Of all the borrowings of the Group outstanding as of September 30, 2019 (excluding other long term and short term liabilities, other than finance lease liabilities prior to giving effect to IFRS 16), as adjusted to give effect to the Post-Proposed Exchange Offer Capitalization, a significant amount of our indebtedness will mature prior to the maturity date of the Senior Notes. See "*Capitalization*".

The Group's ability to refinance its indebtedness, on favorable terms, or at all, will depend in part on its financial condition at the time of any contemplated refinancing. Any refinancing of the Group's indebtedness could be at higher interest rates than its current debt and it may be required to comply with more onerous financial and other covenants, which could further restrict the Group's business operations and may have a material adverse effect on its business, financial condition, results of operations and prospects and the value of the Notes. The Group cannot assure you that it will be able to refinance its indebtedness as it comes due on commercially acceptable terms or at all and, in connection with the refinancing of its debt or otherwise, it may seek additional refinancing, dispose of certain assets, reduce or delay capital investments, or seek to raise additional capital.

The Group is exposed to interest rate risks. Shifts in such rates may adversely affect its debt service obligations.

The Group is exposed to the risk of fluctuations in interest rates, primarily under the Existing Term Loans. In addition, any amounts the Group borrows under the Existing Revolving Credit Facilities will bear interest at a floating rate. See "*Description of Indebtedness—Indebtedness of the Group*". An increase in the interest rates on the Group's debt will reduce the funds available to repay its debt and to finance its operations, capital expenditures and future business opportunities. The Group enters into various derivative transactions to manage exposure to movements in interest rates; however, there can be no assurance that it will be able to continue to do so at a reasonable cost. There can be no guarantee that the Group's hedging strategies will adequately protect the Group from the effects of interest rate fluctuation, or that these hedges will not limit any benefit that we might otherwise receive from favorable movements in interest rates.

Following allegations of manipulation of LIBOR, regulators and law enforcement agencies from a number of governments and the European Union are conducting investigations into whether the banks that contribute data in connection with the calculation of daily EURIBOR or the calculation of LIBOR may have been manipulating or attempting to manipulate EURIBOR and LIBOR. In addition, LIBOR, EURIBOR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform, including the implementation of the IOSCO Principles for Financial Market Benchmarks (July 2013) and the new European regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, which entered into force on June 30, 2016. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, on July 27, 2017, the UK

Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, changes in the manner of administration of any benchmark, or actions by regulators or law enforcement agencies could result in changes to the manner in which EURIBOR or LIBOR is determined, which could require an adjustment to the terms and conditions, or result in other consequences, in respect of any debt linked to such benchmark (including, but not limited to, the Existing Revolving Credit Facilities and/or the Existing Term Loans having interest rates that are linked to LIBOR or EURIBOR, as applicable). Any such change, as well as manipulative practices or the cessation thereof, may result in a sudden or prolonged increase in reported EURIBOR or LIBOR, which could have an adverse impact on the Group's ability to service debt that bears interest at floating rates of interest.

Changes or uncertainty in respect of LIBOR may affect the Group's sources of funding.

Some of the Group's sources of funding are linked to LIBOR. See *"Description of Indebtedness—Indebtedness of the Group—Term Loans*" and "*Description of Indebtedness—Indebtedness of the Group—Revolving Credit Facilities*". Various interest rate benchmarks (including LIBOR) are the subject of recent regulatory guidance and proposals for reform. Some reforms are already effective while others are still to be implemented, including the EU Benchmark Regulation (Regulation (EU) 2016/1011). In addition, the sustainability of LIBOR has been questioned by the United Kingdom's Financial Conduct Authority ("**FCA**") as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On November 29, 2017, the Bank of England and the FCA announced that the market Working Group on Sterling Risk-Free Rates would have an extended mandate to catalyze a broad transition to the Sterling Over Night Index Average rate ("**SONIA**") across sterling bond, loan and derivatives markets so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. The Bank of England and FCA have stated that a key near-term priority for the Working Group will be to make recommendations relating to the potential development of term SONIA reference rates. These reforms and other pressures may cause such benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Based on the foregoing, investors should in particular be aware that:

- any of the reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and

- if LIBOR is discontinued, then the rate of interest applicable to the Group's sources of funding may be determined for a period by applicable fall-back provisions, although such provisions, often being dependent in part upon the provision by reference banks of offered quotations for the LIBOR rate, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available.

More generally, any of the above matters or any other significant change to the setting or existence of LIBOR could affect the Group's ability to meet our obligations under the Group's sources of funding and/or could have a material adverse effect on the liquidity of, and the amount payable under, the Group's sources of funding. See also "*—The Group is exposed to interest rate risks. Shifts in such rates may adversely affect the Group's debt service obligations*." Changes in the manner of administration of LIBOR could result in adjustments to the conditions applicable to the Group's sources of funding or other consequences relevant to the Group's sources of funding. No assurance can be provided that changes will not be made to LIBOR or any other relevant benchmark rate and/or that such benchmarks will continue to exist.

Currency fluctuations and interest rate and other hedging risks could adversely affect our financial results.

The Group's business is exposed to fluctuations in currency exchange rates. The primary transactional currency of the Group is the euro. The Group conducts, and will continue to conduct, transactions in currencies other than such primary transactional currencies, particularly the U.S. dollar. The Group's existing debt is primarily denominated in U.S. dollars, euros although the amounts incurred in euros do not necessarily match the cash flows generated from operations in such currencies. The exchange rate between the U.S. dollar and the euro has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. The Group has

historically covered a portion of our U.S. dollar and euro cash outflows arising on anticipated and committed obligations through the use of foreign exchange derivative instruments. Further, while we manage the risk of certain currency fluctuations in respect of a portion of our existing debt and to hedge our exposure to interest rate changes in respect of indebtedness linked to interest rates, these arrangements may be costly and may not insulate us completely from such exposure. There can be no guarantee that our hedging strategies will adequately protect our operating results from the effects of exchange rate fluctuation or changes in interest rates, or that these hedges will not limit any benefit that we might otherwise receive from favorable movements in exchange rates or interest rates.

Disruptions in the credit and equity markets could increase the risk of default by the counterparties to its financial instruments, undrawn debt facilities and cash investments and may impact the Group's future financial position.

The Group seeks to manage the credit risks associated with its financial instruments, cash and cash equivalents and undrawn debt facilities; nonetheless, disruptions in credit and equity markets could increase the risk that the Group's counterparties could default on their obligations to us. Were one or more of the Group's counterparties to fail or otherwise be unable to meet its obligations to it, the Group's cash flows, results of operations and financial condition could be adversely affected. It is not possible to predict how disruptions in the credit and equity markets and the associated difficult economic conditions could impact our future financial position. In this regard, (i) the financial failures of any of the Group's counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact the Group's ability to access cash deposited with any failed financial institution and (ii) sustained or further tightening of the credit markets could adversely impact the Group's ability to access debt financing on favorable terms, or at all.

Negative changes in our credit rating and future ratings downgrades of sovereign debt may have a material adverse effect on our financial condition.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of such Notes.

A downgrade in our credit rating may negatively affect the Group's ability to obtain future financing to fund our operations and capital needs, which may affect our liquidity. It may also increase our financing costs by increasing the interest rates of our outstanding debt or the interest rates at which it is able to refinance existing debt or incur additional debt. In December 2018, the corporate rating of Altice France were downgraded by Moody's from B1 to B2. As of January 22, 2020, the corporate rating of Altice France remain at B2 with Moody's and B with Standard & Poor. There can be no assurance that the Group's corporate rating, or the instrument rating with respect to the Notes, will be maintained at existing levels. See "—*Other Risks Relating to the Notes and the Structure—Credit ratings may not reflect all risks*".

Because the financial condition, revenues and profitability of our operating subsidiaries are closely linked to the economies of their countries of operations, we expect that the Group as a whole will also be impacted by any downgrading in the sovereign debt rating of such countries. Any deterioration in the economic condition of the other countries in which we operate or any ratings downgrade of sovereign debt of these countries may have a material adverse impact on our business, financial condition and results of operations.

The Group's long-lived assets may become impaired in the future, which could cause a non-cash charge to its earnings.

The valuations of certain of the Group's assets in connection with acquisitions have resulted in increases to the book value of long lived assets, including property, plant and equipment, and intangible assets. Amortizable long-lived assets must be reviewed for impairment whenever indicators of impairment exist. Non-amortizable long-lived assets are required to be reviewed for impairment on an annual basis or more frequently whenever indicators of impairment exist. Indicators of impairment could include, but are not limited to:

- an inability to perform at levels that were forecasted;
- a permanent decline in market capitalization;
- an implementation of restructuring plans;
- changes in industry trends; and/or
- unfavorable changes in our capital structure, cost of debt, interest rates or capital expenditure levels.

Situations such as these could result in an impairment that would require a material non-cash charge, which could have a material adverse effect on the Group's business, financial condition and results of operations.

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

As of September 30, 2019, the Group reported €35,828 million of consolidated total assets, of which €5,619 million were intangible (excluding goodwill). Intangible assets primarily include customer relationships, trade names, franchises and patents, software and licences and other amortizable intangibles. While the Group believes that the carrying values of our intangible assets are recoverable, you should not assume that the Group would receive any cash from the voluntary or involuntary sale of these intangible assets, particularly if the Group were not continuing as an operating business.

Risks Relating to Legislative and Regulatory Matters

The Group is subject to significant government regulation and supervision, which could require it to make additional expenditures or limit our revenues and otherwise adversely affect our business, and further regulatory changes could also adversely affect our business.

The Group's activities as a cable television, broadband internet infrastructure access provider, ISP, fixed-line and international long distance telephony and mobile operator are subject to regulation and supervision by various regulatory bodies, including local and national authorities in France. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect us, our competitors or our industry, strongly influence how we operate our business. Complying with existing and future law and regulations may increase our operational and administrative expenses, restrict the Group's ability or make it more difficult to implement price increases, affect the Group's ability to introduce new services, force us to change our marketing and other business practices, and/or otherwise limit our revenues. In particular, our business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements or the imposition of universal service obligations, or any change in policy allowing more favorable conditions for other operators or increasing competition. There can be no assurance to you that the provision of our services will not be subject to greater regulation in the future. Furthermore, a failure to comply with the applicable rules and regulations could result in penalties, restrictions on our business or loss of required licenses or other adverse consequences.

Although the regulations applicable to our business vary, such regulations may include, amongst other things:

- price regulation for certain of the services we offer, exit fees and cancellation charges;
- rules governing the interconnection between different telephone networks and the interconnection rates that we can charge and that we pay;
- requirements that, under specified circumstances, a cable system carry certain broadcast stations or obtain consent to carry a broadcast station;
- rules for authorizations, licensing, acquisitions, renewals and transfers of licenses and franchises;
- requirements that we provide or contribute to the provision of certain universal services;

- rules and regulations relating to subscriber privacy and data protection;

- rules and regulations relating to our networks, including universal access obligations imposed on us, co-installation and co-location obligations (including our submarine cable landing stations), right of way and ownership considerations;

- rules governing the copyright royalties; requirements on portability; and

- other requirements covering a variety of operational areas such as equal employment opportunity, emergency alert systems, disability access, technical standards, environmental standards, city planning rules and customer service and consumer protection requirements.

The regulations applicable to our operations within the EU often derive from EU Directives. The various Directives require EU Member States to harmonize their laws on communications and cover such issues as access, user rights, privacy and competition. These Directives are reviewed by the EU from time to time and any changes to them could lead to substantial changes in the way in which our business is regulated and to which we would have to adapt.

In addition, the Group is subject to antitrust rules and regulations and are, from time to time, subject to review by authorities concerning whether we exhibit monopoly power in any of the market in which we operate. To the extent that the Group is deemed by relevant authorities to exhibit significant market power, we can be subject to various regulatory obligations adversely affecting our results of operations and profitability. Regulatory authorities may also require the Group to grant third parties access to our bandwidth, frequency capacity, facilities or services to distribute their own services or resell our services to end customers. Currently, the Group is considered to have significant market power in France. No assurance can be given that we will not be identified as having significant market power in the future and we will not be subject to additional regulatory requirements.

Future regulatory changes could have a material adverse effect on the Group's business.

The Group is subject to the provisions of the French Postal and Electronic Communications Code ("**CPCE**"), which imposes certain general obligations on all operators and certain specific obligations on mobile operators. The French regulatory framework applicable to operators is also subject to the analysis of the relevant markets carried out by the French telecom regulator ("**ARCEP**") which is charged with (i) defining the relevant markets in France, (ii) analyzing the markets or identifying the companies reputed for exercising significant influence on these markets and (iii) deciding whether or not to impose on these companies regulatory obligations to remedy the effects of such influence.

The Group is not considered by ARCEP to be an operator deemed to have significant influence over a relevant market, except over the markets for voice-call termination on its fixed and mobile networks. Nevertheless, it cannot be guaranteed that the Group, in the future, will not be identified by ARCEP as an operator deemed to exercise significant power in one or more relevant markets, and that ARCEP will not therefore impose additional regulatory obligations in this regard. For example, the possibility cannot be excluded that, in the future, particularly in the context of a growth in FTTH networks, the Group may be required to grant competitors some access to its fiber optic network, under conditions to be determined.

At the request of the French Competition Authority, ARCEP has recently issued an opinion addressing the issues raised by the digital revolution currently affecting the audiovisual sector (ARCEP opinion dated October 11, 2018). In this document, ARCEP provided an overview of audiovisual content broadcasting techniques (DTT, copper and fiber networks, satellite, OTT and cable networks) before detailing the sector's recent evolutions at both the operator and consumer ends, emphasizing the necessity to determine a common technical framework for these new services. ARCEP has not provided a timeline for the determination of such framework and has recommended the implementation of a horizontal regulation for all devices allowing access to audiovisual content. As the technical framework develops, the Group may be subject to ongoing obligations.

The Group is also subject to other individual obligations resulting from the approvals to use frequencies. See "—*The Group can only operate its business for as long as it has licenses from the relevant authorities and it may not be able to obtain, retain or review the licenses and authorizations necessary for conducting its activities.*"

In September 2017, the French government asked ARCEP to begin work on the binding commitments that mobile operators were likely to make, above and beyond their existing rollout plans. Based on ARCEP's proposals, and

as part of a dialogue with mobile network operators, the French Government reached an agreement that aims to ensure the availability of a high standard of mobile coverage for every person in France. With respect to these elements, mobile operators have committed to:

- improving reception quality across the entire country, and particularly in rural areas. The new baseline quality standard applied to operators' obligations will be that of "good coverage";

- increasing the pace of targeted programmes for improving coverage, with each operator deploying at least 5,000 new cell sites across the country to this end, some of which will be shared, which will henceforth go beyond so-called "white areas" and for which operators will now be fully responsible. Over the next three years, we will bring coverage to as many areas as the total number covered by government programmes over the past fifteen years. Government authorities will work closely with local authorities to identify the areas that need to be covered;

- achieving ubiquitous 4G coverage, which will mean bringing it to more than a million additional people in 10,000 municipalities in France, by making every cell site 4G-capable;

- accelerating the coverage of transportation routes, so that all of the major roads and railways have 4G coverage. The agreement also provides for coverage on regional railway lines; and

- achieving ubiquitous indoor telephone coverage, notably by using voice over Wi-Fi.

Facilitated by an increase of network sharing which ensures more efficient rollouts, along with a planned simplification of the measures contained in the new housing bill, stepping up the pace of deployment for new mobile phone equipment will significantly improve the user experience of mobile coverage in every part of the country.

On July 3, 2018, ARCEP handed down a decision (decision no. 2018-0684) setting out the conditions under which licenses for 900 MHz, 1800 MHz and 2100 GHz-band frequencies may be granted in 2021, 2022 and 2024. One of these conditions is that operators are required to take actions to achieve the goals set out in Articles L. 32 et seq. of the CPCE (digital development of the French territory, fair and effective competition between operators on the mobile market and effective management and use of the frequency spectrum).

Mobile operator frequency licences granted in July 2018 are now binding and a failure to meet these new obligations will result in sanctions from ARCEP.

On June 4, 2019, ARCEP updated its mobile new deal roadmap underlining the priority of deploying and/or enhancing the quality of mobile coverage on highways and other strategic transport networks.

On July 12, 2019, a new decree regarding network coverage obligations was passed. This decree identifies specific interests locations (strategic sites) that must be covered by mobile networks or in which the quality of the services provided must be improved by the operators.

The decree no. 2019-1592 of December 31, 2019, initiated the 5G public tender and the ministerial decree of December 30, 2019 determined modalities and conditions for the tender.

31 frequencies in the 10 MHz band will be allocated as follows:

Four blocks of 50 MHz are expected to be allocated at a set price provided the operators agree on several commitments detailed in the tender specifications; and

The remaining frequencies will be allocated through an auction process, per blocks of 10 MHz.

Bidders are invited to submit their offer to ARCEP before February 25, 2020.

The Group monitor the regulations to which it is subject; however, the weight of the regulatory burden on "electronic" telecommunications operators, including the Group, may change and may lead to the application of different obligations in their regard depending on the level of ownership of direct access networks and the level of market power that may be more or less significant to or constrictive upon certain operators by virtue of changes

in the technology used for providing services. If the Group becomes subject to regulations relatively more constrictive than its competitors, this could have a material adverse effect on its business, results of operations or financial position. Furthermore, as an "electronic" telecommunications operator and a distributor of television services, the Group is subject to special taxes. The burden of such taxes could increase in the future due to changes in legislation. In addition, the Group cannot guarantee that additional taxes will not be instituted in the telecommunications industry. Any future restrictions on the Group's ability to market its products or services in the way it wishes could have a material adverse effect on its business, results of operations or financial position.

The European Commission's "Digital Single Market" legislation could adversely affect the Group's businesses.

The EU Regulation 531/2012, which initially set a rate for roaming, was further amended through the regulation 2015/2120 of 25/11/2015 to establish the conditions and the viability of a removal of retail roaming charges from June 15, 2017 ("roam like at home" subject to fair-usage). Moreover, the regulation introduces measures relating to "net neutrality".

Furthermore, the roaming regulation was completed by other pieces of legislation:

- Implementing regulation EU 2016/2286 of 15/12/2016 laying down detailed rules on the application of fair use policy and on the methodology for assessing the sustainability of the abolition of retail roaming surcharges and on the application to be submitted by a roaming provider for the purposes of that assessment; and

- Regulation UE 2017/920 of 17/05/2017 amending Regulation (EU) No 531/2012 with respect to rules for wholesale roaming markets.

The Commission's proposals on telecommunications markets presented in September 2016 intends to fix rules to support the creation of Gigabit Society. The electronic communications code proposal aims to make investment in very high capacity networks a binding objective and it also aims to promote sustainable long term competition. It was adopted through Directive 2018/1972 of December 11, 2018 establishing the European Electronic Communications Code (the "**EECC**"), which entered into force on December 20, 2018.

This legislation is expected to have both a positive and adverse effect on revenue generated from the Group's operations due to anticipated price decreases, higher operational costs and increased competition. All of these factors may adversely affect the Group's business, financial condition and results of operations.

A public concertation was initiated on December 2019 with regard to the transposition into French national law of the EECC. The concertation covers the following topics:

- the maximum duration of the contracts between customers and service providers,

- framing the conditions under which bundled offers (mobile phone and plan) can be offered to the customers,

- the regulation of added value services,

- the termination conditions (to ensure that termination provisions do not carry any deterrent effect), and

- the conditions under which service providers who refuse to respect the provisions of the EECC (number portability, change of operator, etc.) can be sanctioned.

The EECC has to be transposed into French national law before December 21, 2020.

Directive (EU) 2018/1972 of the European Parliament and of the Council of December 11, 2018 establishing the European Electronic Communications Code.

The European Electronic Communications Code (the "**EECC**") was adopted on December 11, 2018 and came into force on December 20, 2018. The EECC brings together the rules on electronic communications networks and services and aligns them with the latest technological developments. The EECC regulates (1) electronic communications networks and services ("**ECN**" and "**ECS**"), (2) associated facilities and services, (3) the authorisation of networks and services, (4) radio spectrum use and numbering resources, (5) access to and

interconnection of electronic communications networks and associated facilities, and (6) the protection of end-users.

It aims to:

- Promote connectivity, access to and take-up of very high capacity networks by all citizens and businesses of the EU;

- Promote competition in the provision of electronic communication networks and services;

- Contribute to the development of the internal market in the field of electronic communications networks and services, radio spectrum, and connectivity; and

- Promote the interests of European citizens.

- The EECC has singled out citizen connectivity as a key objective for the EU, since it is instrumental in guaranteeing freedom of expression, pluralism, democracy, culture, social cohesion, and even safety.

- The EECC also adopts a broader definition of ECS to regulate services delivered via internet (known as "over-the-top" or "**OTT**" services). ECS now includes internet access services, interpersonal communications services ("**ICS**"), and services consisting wholly or mainly in the conveyance of signals.

- The EECC also provides for strategic planning and coordination of a radio spectrum policy, as well as for effective management of radio spectrum by Member States.

- Finally, national regulation authorities are responsible for ensuring access, interconnection, and the interoperability of services. Consequently, and under certain circumstances, they can impose on undertakings obligations such as interconnecting networks, ensuring the interoperability of their services and granting physical access to their infrastructure.

- Member States must enact the EECC into their national laws by December 21, 2020. As of the date hereof, France has not enacted EECC into its national laws.

The legal status of the Group's network is complex and in certain cases subject to challenges or renewals.

The legal status of the Group's network is complex and the network is mainly governed by public law, which could affect the predictability of the Group's rights over its network. For a description of the legal status of the Group's cable network see "*Regulation—Legal Status of Networks*".

The Group's telecommunications network is essentially composed of the physical infrastructure (conduits, network head-ends, switches and radio frequency stations) in which telecommunications (mainly cable) equipment is installed. These components of the Group's network are subject to different legal regimes. As the Group does not own certain land where such physical infrastructures are located and infrastructure is established on public or private property, it has entered into concessions, rights-of-way, leases or even IRUs with the owners of the land. In order to establish a substantial part of its telecommunications network and of its wireless network, the Group has thus entered into public and private property occupancy agreements with public and private entities or holds public property occupancy permits. Under these agreements or permits, the Group may install its network equipment along roads, highways, railways or canals, for example. No transfer of ownership takes place within this framework.

Such agreements are entered into for terms that vary greatly, from 3 to 25 years. The Group does not have any right to renewal of such agreements, although the agreements with the shortest terms generally provide for tacit renewal. The Group's occupancy of public property, as is the case for all occupants of public property, is always precarious and subject to considerations beyond the Group's control. The public entities with which the Group has entered into these agreements or that have issued permits to it can thus at any time terminate these public property occupancy agreements for misconduct or for reasons of public interest and some of the agreements even exclude any compensation in such case.

If the Group fails to obtain such renewal, the company involved would be obliged, upon expiration of these agreements, (i) to return the site to its original condition upon the demand of the manager or owner of the public

property involved (ii) and/or to transfer to the latter, in certain cases for the payment of compensation and in certain cases free of charge, ownership of the facilities established on the property involved.

If the Group loses all or part of the rights relating to its network, it could have a material adverse effect on the business, financial position, results of operations or outlook of the Group.

The Group can only operate its business for as long as it has licenses from the relevant authorities and it may not be able to obtain, retain or review the licenses and authorizations necessary for conducting its activities.

The Group is required to hold licenses, franchises, permits and similar authorizations to own and operate the Group's networks and to broadcast its signal to its customers. These authorizations generally require that we comply with applicable laws and regulations, meet certain solvency requirements and maintain minimum levels of service. Should the Group fail to comply with these, it may be subject to financial penalties from the relevant authorities and there may also be a risk that licenses could be partially or totally withdrawn. The imposition of fines and/or the withdrawal of licenses could have a material adverse effect on our results of operations and financial condition and prevent us from conducting the Group's business. In addition, such authorizations are generally granted for fixed terms and must be periodically renewed. The procedure for obtaining or renewing these licenses can be long and costly and authorities often demand concessions or other commitments as a condition for renewal. In addition, these licenses may not be obtainable or renewable in a timely manner or at all. In some instances, such authorizations have not been renewed at expiration, and we have operated and are operating under either temporary operating agreements or without an authorization while negotiating renewal terms with the local franchising authorities. Should we not be able to obtain or renew the licenses needed to operate or develop our business in a timely fashion, the Group's ability to realize our strategic objectives may be compromised. In certain cases the Group's mobile licenses require it to comply with certain obligations (population coverage, sharing in certain areas, national roaming) and the Group may suffer adverse consequences if is not able to comply with these obligations. In certain countries, we have provided significant bank guarantees to guarantee our performance under our licenses. If the Group is found to be in material breach of our licenses, the guarantees may be forfeited and our licenses may be revoked.

Some of the Group's activities depend on obtaining or renewing licences issued by regulatory authorities, particularly ARCEP in the telecommunications field and CSA in the audiovisual field. Under the licences allocated to the Group's subsidiaries, the latter have committed themselves to complying with certain obligations (population coverage, sharing in some areas, roaming allowance). The Group is required to deploy a 3G and 4G generation radio network adhering to certain rates of coverage for the metropolitan population according to a given timetable. Within the framework of its 4G licences, if certain conditions are met, the Group will eventually have to allow Free Mobile roaming on a portion of its 4G network. The Group will also have to provide coverage, in conjunction with other 800 MHz band holders and under its 2G licence, for the city centers identified under the "white zones" plan, and accede to reasonable requests for network sharing in a priority deployment zone. The Group will also have to accede to reasonable requests to allow MVNOs throughout its very-high-speed mobile network open to the public in Metropolitan France. A failure to adhere to any one of these commitments could put the Group at risk under its regulatory obligations and possibly expose it to penalties (fines, total or partial suspension or withdrawal of licence). This could have a material adverse effect on the Group's business, financial position, results of operations or outlook of the Group. To provide the Group's various stakeholders with certainty over the future of some spectrum resources and with a view to issuing a call for applications that will enable a reallocation of longstanding 2G and 3G frequency bands for a period of 10 years (the licences relating to which will begin to expire in 2021), ARCEP has laid the ground rules for public consultation on the terms and conditions for such reallocation in its decision no. 2018-0684. The frequencies concerned are the frequencies in the 900 and 1800 MHz bands that were allocated to Orange, the Group and Bouygues Telecom in 2006 and 2009 for 15 years, and the 2.1 GHz band frequencies allocated to these same three operators in 2001 and 2002 for 20 years. Some of the existing 900, 1800 and 2100 MHz frequency licences for Metropolitan France are set to expire in 2021, 2022 and 2024. The terms for allocating frequencies seek to satisfy two main goals: digital regional development and achieving fair and effective competition between operators. The call for applications procedures for the allocation of 900, 1800 and 2100 MHz band frequencies took into account the goal of ensuring fair and effective competition in the mobile market by implementing the conditions needed to ensure that all mobile operators have fair and equal access to spectrum. It has been approved by the Minister responsible for electronic communications who launched the allocation procedure in early August 2018. The licences were awarded by ARCEP on November 15, 2018, and the frequencies will be made available starting in 2021.

The acquisition of licences also represents a high cost, the timing of which varies depending on when the frequencies involved are auctioned. Furthermore, this cost could rise due to strong competitive pressure in the

telecommunications field. If we fail to obtain or retain, in a timely manner, the licences necessary for performing, continuing or developing our activities, the Group's ability to achieve our strategic objectives could be subjected to alteration. In addition, the Group may fail to be awarded the desired licences, which could have an adverse effect on the Group's business, financial position, results of operations or outlook.

There are uncertainties about the legal framework under which we own and operate certain of our networks.

The Group's systems depend on extensive physical facilities (lines, network, headends, switches and radio stations) in which telecommunication equipment (mainly cables) is installed. Significant portions of those physical facilities occupy public rights of way and are subject to governmental regulations. Other portions occupy private property under express or implied easements or pursuant to leases, and many miles of the cable are attached to utility poles governed by pole attachment agreements or other commercial arrangements. No assurances can be given that we will be able to maintain and use our facilities in their current locations and at their current costs. Changes in governmental regulations or changes in these relationships could have a material adverse effect on the Group's business and results of operations.

In particular, the legal status of the Group's network is complex, mainly governed by public and in certain cases subject to challenges or renewals. The Group's telecommunications network is essentially composed of the physical infrastructure (conduits, network head-ends, switches and radio frequency stations) in which telecommunications (mainly cable) equipment is installed. These components of the Group's network are subject to different legal regimes. As the Group does not own certain land where such physical infrastructures are located and infrastructure is established on public or private property, it has entered into concessions, rights-of-way, leases or even IRUs with the owners of the land. In order to establish a substantial part of its telecommunications network and of its wireless network, the Group has thus entered into public and private property occupancy agreements with public and private entities or holds public property occupancy permits. Under these agreements or permits, the Group may install its network equipment along roads, highways, railways or canals, for example. No transfer of ownership takes place within this framework.

Such agreements are entered into for terms that vary greatly in duration from three to 25 years. The Group does not have any right to renewal of such agreements, although the agreements with the shortest terms generally provide for tacit renewal. The Group's occupancy of public property, as is the case for all occupants of public property, is always precarious and subject to considerations beyond the Group's control. The public entities with which the Group has entered into these agreements or that have issued permits to it can thus at any time terminate these public property occupancy agreements for misconduct or for reasons of public interest and some of the agreements even exclude any compensation in such case. If the Group fails to obtain such renewal, the company involved would be obliged, upon expiration of these agreements, (i) to return the site to its original condition upon the demand of the manager or owner of the public property involved (ii) and/or to transfer to the latter, in certain cases for the payment of compensation and in certain cases free of charge, ownership of the facilities established on the property involved. If the Group loses all or part of the rights relating to its network, it could have a material adverse effect on the business, financial position, results of operations or outlook of the Group.

The Group is subject to requirements in terms of protection of personal data and data security.

Within the context of our business activities, we must collect and process personal data.

In the EU, the European Parliament and the European Council adopted the regulation on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation, the "**GDPR**") on April 27, 2016. The GDPR has been directly applicable in all EU member states since May 25, 2018, replacing Directive 95/46/EC and current national data protection legislation in member states, and was implemented in the EEA countries with effect from the same date. The GDPR significantly changes the EU/EEA data protection landscape, including strengthening of individuals' rights, stricter requirements on companies processing personal data and stricter sanctions with substantial administrative fines. The GDPR also offers data subjects the option to let a privacy organization litigate on their behalf, including collecting the potential damages. After an initial transition period, data protection authorities across the EU have now begun using their new sanctioning powers (in 2019, Google was fined €50 million by the French authority (CNIL), British Airways and Marriott were provisionally fined £183 million and £99 million, respectively by the UK authority (ICO), and many cases are currently under investigation).

The Group does business in the hosting of data relating to the health of individuals, which subjects us to the specific obligations provided for by the Public Health Code such as obtaining and maintaining authorization or

certification for the hosting of such data. If we breach our obligations or fail to adhere to the requirements applicable to sensitive data processing, the Group may be subjected to criminal and financial penalties likely to have a material adverse impact on our business, financial position and results of operations.

In its judgment on October 6, 2015 (known as the "**Schrems Judgment**"), the European Court of Justice overturned the decision by the European Commission that the transfer of European personal data to the United States under the "Safe Harbor" framework provides an adequate level of protection. The successor "Privacy Shield" agreement negotiated by representatives of the EU and the United States could be overturned by a judgment of the European Court of Justice if the latter finds that such agreement does not assure an adequate level of protection to European personal data (pending case C-311/18, known as "**Schrems II**"). The potential illegality of transferring European personal data to the United States could impact our business and results. The Schrems II decision is expected in 2020 (the Advocate General rendered his non-binding Opinion on December 19, 2019).

In 2016 the CJEU further clarified what safeguards are required for data retention to be lawful. In the case of Tele2 Sverige and Home Secretary v. Watson, the court concluded that Member States cannot impose a general obligation on providers of electronic telecommunications services to retain data, but did not ban data retention altogether. Such retention is compatible with EU law if deployed against specific targets to fight serious crime. Retention measures must be necessary and proportionate regarding the categories of data to be retained, the means of communication affected, the persons concerned and the chosen duration of retention. Furthermore, national authorities' access to the retained data must be conditional and meet certain data protection safeguards. New data retention rules are currently being discussed at an EU level in response to this decision.

In the case of Breyer, the CJEU concluded that Internet Protocol addresses may constitute personal data where the individual concerned can be identified, even where a third party must obtain additional data for the identification to take place. The CJEU also held that website operators may rely on a legitimate interest as a legal basis when retaining and using their visitors' personal data. This is of major importance for data retention rules; it follows that online media service providers can lawfully store their visitors' personal data to pursue a legitimate interest, rather than just for the purposes previously outlined in the invalidated Data Retention Directive. Thus, the grounds justifying data retention have become broader.

The French legal framework for data protection has been gradually brought in line with the GDPR and the Police and Justice Directive. The French Data Protection Law of January 6, 1978 (Law no. 78-17), was amended by Law no. 2018-493 of June 20, 2018 and its implementing decree, and by decree no. 2018-687 of August 1, 2018. Such Law was rewritten and made consistent with GDPR by Order no. 2018-1225 of December 12, 2018. Finally, a new decree implementing the Law, no. 2019-536 of May 29, 2019 came into force on 1 June 2019. The French legal framework for data protection has now been stabilised. It imposes obligations on companies processing personal data in the context of the activities of an establishment in France concerning the conditions in which such a company may process personal data of individuals, the obtaining of their consent with respect to such processing (especially for the use of cookies) and carrying out the necessary measures for disclosure and transfer of data outside of the EU. Any breach of these obligations may lead to criminal and administrative financial penalties against us and damage to our reputation.

On June 28, 2019, the French data protection authority (CNIL) announced new guidelines on the use of cookies for direct marketing purposes (online targeted advertisement), ruling out the use of implied or "soft" consent to place cookies on users' devices. To assist companies in complying with these new rules, the CNIL published a draft recommendation on cookies on January 14, 2020 and currently subject to public consultation. The new legal regime applicable in France regarding cookies should be stabilised by mid-2020.

Regardless of the measures we adopt to protect the confidentiality, security of data and respect the rights of the people whose data we process, there remains the risk of possible attacks or breaches of data processing systems, which could give rise to penalties and damage our reputation. The Group could be compelled to incur additional costs in order to protect against these risks or to mitigate the consequences thereof, which could in turn have a material adverse impact on our business, financial position, results of operations or outlook. Furthermore, any loss of confidence on the part of our customers as a result of such events could lead to a significant decline in sales and have a material adverse impact on our business, financial position and results of operations.

The Group's business may suffer if it cannot continue to license or enforce the intellectual property rights on which our business depends or if it is subject to claims of intellectual property infringement.

The Group relies primarily on copyright, trademark and trade secret laws and licenses and other agreements with our employees, customers, suppliers and other parties to establish and maintain our intellectual property rights in content, technology and products and services used to conduct our businesses. However, our intellectual property rights or those of our licensors could be challenged or invalidated, we could have difficulty protecting or obtaining such rights or the rights may not be sufficient to permit us to take advantage of business opportunities, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm.

The Group has received, and may receive in the future, claims of infringement or misappropriation of other parties' proprietary rights, particularly creative rights with respect to broadcasted programs. In addition to claims relating to broadcasts on channels which the Group owns, it may be subject to intellectual property infringement claims with respect to programs broadcast on the other channels, including foreign channels that it carries. Moreover, the telecommunications industry is characterized by a high concentration of intellectual property rights, which increases the risk of litigation resulting from our activities upon the grounds of prior rights of third parties. Therefore, the Group is particularly exposed to the risk of proceedings initiated by patent trolls. See "—*The Group may be subject to intellectual property infringement claims by "patent trolls*"."

Any such claims may require the Group to initiate or defend protracted and costly litigation, regardless of the merits of these claims. Successful challenges to our rights to intellectual property or claims of infringement of a third party's intellectual property could require the Group to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be temporarily or permanently prohibited from further use of the intellectual property in question. This could require the Group to change our business practices and limit the Group's ability to provide our customers with the content that they expect. Even if we believe that the claims of intellectual property infringement are without merit, defending against the claims can be time consuming and costly and may divert management's attention and resources away from our business. An inability on our part to effectively protect certain important elements of our intellectual property rights and of our technology could have a material adverse effect on our activities, financial position, results of operations or outlook.

The Group may be subject to intellectual property infringement claims by "patent trolls".

The Group may be the target of so-called "patent trolls" (also referred to as "non-practicing entities"), which have as their core business the acquisition of patents and licences, without actively producing goods or providing services, and commonly litigate alleging that such patents or licences have been infringed. The Group cannot exclude the possibility of risk from contentious claims from patent trolls, which could have a material adverse effect on the Group's business activities, financial condition and results of operations.

The Group face risks arising from the outcome of various legal, administrative and regulatory proceedings.

In the ordinary course of business, we become party to litigation and other legal proceedings, including administrative and regulatory proceedings, and may be subjected to investigations and audits. Some of the proceedings against us may involve claims for considerable amounts and may require that our general management devote time to addressing such issues, to the detriment of managing the business. In addition, such proceedings may result in substantial damages and/or may impair our reputation, which may result in a decline in the demand for our services which could have a material adverse effect on our business. The outcome of these proceedings and claims could have a material adverse effect on our financial position, our results of operations or our cash flows during the years when such disputes are decided or the sums potentially involved in them are paid. The Group may also be exposed to proceedings that could involve our independent distributor partners, as well as other telecommunications operators which are so exposed.

The Group is currently involved in number of disputes and proceedings referred to in "*Business of the Group—Legal Proceedings*". The costs that may result from these lawsuits are only accrued when it is more likely than not that a liability, resulting from past events, will be incurred and the amount of that liability can be quantified or estimated within a reasonable range. The amount of the provisions recorded in the unaudited interim condensed consolidated financial statements of the Group as of and for the nine months ended September 30, 2019 in respect of lawsuits amounted to €92 million in the aggregate, based on a case by case assessment of the risk level of each individual lawsuit, and events arising during the course of legal proceedings may require a reassessment of this risk. The Group's assessment of risk is based both on the advice of legal counsel and on our estimate of the

probable settlement amounts that are expected to be incurred, if such a settlement would be agreed by both parties. Any increase in the frequency or size of such claims could have a material adverse effect on our profitability and cash flows and could have a material adverse effect on its business, results of operations and financial position.

The Group is subject to risk or litigation in the event of defective software or a claim by a third party as to software ownership.

In contrast to more traditional licences of standard (so-called "proprietary") software, users of open source software ("**OSS**") are generally permitted by the licensor to access, copy, modify and distribute the underlying source code. Such broad rights (such as in the GNU General Public Licence) are usually subject to the requirement that users not place any additional restrictions on access to the source code in any onward distribution of the software, and that such onward licensing be on the original licence terms.

OSS is commonly viewed as having two major risks. First, the OSS licence usually also covers onward distributions of derivative works (based on the original OSS), with the result that proprietary software integrated with the OSS becomes "infected" and the entire integrated software program (OSS and proprietary software components) is covered by the OSS licence. One notable result of this is that the publisher or distributor of the derivative work would have to make available the source code of the entire work, including the proprietary software portions. The second commonly viewed risk is that OSS software is usually licenced "as is" without any contractual warranties.

As a result, the Group would bear the risks in the event of defects with any OSS that the Group utilizes in its products and services without necessarily having any contractual recourse. Further, if the Group integrates OSS into any of the software that it publishes or distributes, then the use by the Group of OSS could have an impact on the ownership of the intellectual property in such software, particularly in terms of exclusivity, as the refusal to disclose any modifications made could be characterized as an infringement of the OSS licence. Moreover, the Group cannot rule out any risk of a request for disclosure or the request by a third party to access the modifications of the source code performed on such software. This situation could have a material adverse effect on the Group's business, financial position, results of operations or outlook.

The introduction into French law of a class action open to consumer protection associations could increase the exposure of the Group to material litigation.

As of October 1, 2014, French law allows consumers to join a class action brought by a consumer protection association in order to obtain compensation for property damage suffered by virtue of the activity of consumption. Considering the B2C activities of the Group, in the event of a challenge by consumers pertaining to the products or services offered by the Group, the Group could be faced, as could all operators in the industry, with possible class actions joining numerous customers desiring to obtain compensation for possible harm. Under such circumstance, if damages or prohibited practices are proven or even merely alleged the Group could face significant amounts in claims. Moreover, such actions could undermine the Group's reputation.

The Group may have exposure to greater than expected tax liabilities resulting from tax disputes, tax audits, adverse decisions by tax authorities or changes in tax treaties, laws, regulations or the interpretations thereof.

The tax laws and regulations in France may be subject to change and there may be changes in the content as well as in the interpretation and enforcement of tax law. As a result, the Group may face increases in taxes payable if tax rates increase, or if tax laws and regulations are modified by the competent authorities in an adverse manner. In addition, the tax authorities in France periodically examine our activities. Any change in local or international tax rules, for example prompted by the implementation of the OECD's recommendations on Base Erosion and Profits Shifting (a global initiative to improve the fairness and integrity of tax systems), or new challenges by tax authorities, may have an adverse effect on the Group's tax positions and its financial results. Any changes may also affect the return on an investors' investment in the Group and result in changes in personal tax rates and tax relief.

The Group has structured its commercial and financial activities in compliance with various regulatory obligations to which it is subject, as well as in line with our commercial and financial objectives. Significant judgment is required in determining our tax positions, including, amongst others, corporate income tax and value added tax ("**VAT**"). In the ordinary course of business, there are transactions where the ultimate tax determination is uncertain. To the extent that the laws and regulations of the various countries in which our companies are located or operate do not establish clear or definitive provisions, the tax treatment applied to our activities or our intra-

group reorganizations is sometimes based on interpretations of the applicable tax regulations. The Group cannot guarantee that such interpretations will not be called into question by the competent tax administrations, which could have a material adverse effect on the financial position or results of our operations More generally, any breach of the tax regulations and laws of the countries in which our companies are located or operate could result in adjustments or the payment of late fees, fines or penalties. On December 30, 2019, following an audit for the financial year ended December 31, 2016, the French tax authorities notified the Group of an assessment of an aggregate principal amount of €260 million, relating to a reduced VAT rate applied by the Group on bundled press offers for its B2C customers. The Group intends to contest the assessment and respond by the end of February 2020.

In addition, tax laws and regulations could change and could be subject to changes in their interpretation and in the application thereof. In particular, in the current macroeconomic environment, governmental authorities could decide to increase tax rates, to eliminate existing tax exemptions, to expand tax bases, or to introduce new taxes. As a result, we could undergo an increase in our tax burden if tax rates rise or if legislation or the interpretation thereof by the administration changes.

In particular, the Group is exposed to the risk of a further increase in the VAT (and / or sectorial taxes such as turnover taxes on electronic communications operators) and might not be able to pass along such increase, in full or in part, through subscription prices, and this would then have a negative impact on overall revenue. Furthermore, any such increase in subscription prices would expose the Group to a risk of an increased churn rate from of its existing subscribers and could limit the recruitment of new subscribers. Any such occurrence could have a material impact on the Group's business, financial condition and results of operations.

The future results of operations of the Group, French tax rules, tax audits or litigation and possible intra-group reorganizations could limit the ability of the Group to make use of its tax losses and could thus reduce its net cash position.

The Group has significant tax losses. The ability to effectively make use of such losses will depend on a combination of factors, including (i) the ability to earn tax profits and the degree of matching between the level of such profits realized and the level of the losses, (ii) the general limitation under French tax law pursuant to which the percentage of carry forward tax losses that can be used to offset the portion of taxable profit exceeding €1 million is limited to 50% as well as certain more specific restrictions on the use of certain categories of losses, (iii) the consequences of present or future tax disputes or audits, and (iv) possible changes in applicable laws and regulations.

The impact of these factors could increase the tax burden of the Group and thus have an adverse effect on its cash position, the effective tax rate, the financial position and the results of operations of the Group

French tax rules could limit the ability of the Group to deduct interest for tax purposes, thus reducing the net cash position of the Group.

As a general rule, pursuant to Article 39,1-1° of the French Tax Code (*Code général des impôts*) ("**FTC**"), expenses incurred by a French company are deductible provided, among other conditions, that (i) they are incurred in its direct corporate interest and (ii) they correspond to actual and justified expenses. In this respect, French case law has developed the concept of "abnormal act of management", according to which the expenses incurred by a French company in relation with transactions that are not aligned with its direct corporate interest are not tax deductible.

Given the complex intragroup transactions within the Group, the risk that the French Tax Authorities might try to challenge the deductibility of interest expenses resulting from intragroup financings (e.g., interest expenses on an intragroup loan), considering that such transactions (i) are not performed in the direct corporate interest of the French company of the Group at the level of which these interest expenses are incurred or (ii) have not been set at arm's length conditions, cannot be excluded.

Under Article 39.1.3° of the FTC, the deduction of interest paid by a French company to lenders who are direct shareholders of such company but are not related parties to such company within the meaning of Article 39.12 of the FTC, is subject to the conditions that (i) the share capital of the borrowing company is fully paid-in and (ii) the interest rate on the corresponding loans does not exceed a rate equal to the annual average rate of floating rate loans granted by financial establishments for a minimum term of two years (1.32% with respect to fiscal years closed on December 31, 2019). By exception, pursuant to Article 212, I-(a) of the FTC, the deductibility of interest

paid on loans granted by a related party within the meaning of Article 39.12 of the FTC is deductible within the limit of the interest that would have resulted from the application of the maximum tax rate computed as per Article 39, 1-3° of the FTC, or, if higher, from the rate that the borrower could have obtained from independent financial establishments in similar conditions.

Pursuant to Article 39.12 of the FTC, two entities will be regarded as related if (i) one of the entities holds directly or indirectly the majority of the other entity's share capital or actually exercises the power of decision in that entity or (ii) both entities are placed under the conditions defined in (i) to the control of a same third entity.

In both of the above mentioned cases of interest and deductibility limitation, non-deductible expenses might be recharacterized as constructive dividends pursuant to Article 109 *et seq*. of the FTC, which may be subject to the withholding tax set out under Article 119 *bis*, 2 of the FTC, at a rate of (i) 28% (such rate will be lowered to 26,5% for fiscal years beginning as from January 1, 2021 and to 25% for fiscal years beginning as from January 1, 2022 in order to be aligned on the French standard corporate income tax rate) for payments benefiting legal persons who are not French tax residents or (ii) 75% for payments made in non-cooperative jurisdictions within the meaning of Article 238-0 A of the FTC other than those mentioned in 2° of 2 *bis* of the same Article 238-0 A, subject in any case to the more favorable provisions of an applicable double tax treaty.

The French Finance Law for 2020 introduced new Articles 205 B, 205 C and 205 D in the FTC in order to implement under French tax law the provisions of the Council Directive (EU) 2017/952 of May 29, 2017 (the "**ATAD 2**") on hybrid mismatches. These new rules aim at challenging hybrid and residency mismatches (the "**Hybrid Mismatch Rules**") and replace the former anti-hybrid limitation that was set out by Article 212 I, b) of the FTC (pursuant to which the deductibility of interest paid on loans granted by a related party – within the meaning of Article 39.12 of the FTC – was subject to the requirement that the lender was, for the current year and with respect to concerned interest, subject to an income tax in an amount which was at least equal to 25% of the corporate income tax determined under standard French tax rules). Most of the Hybrid Mismatch Rules apply as from fiscal years starting on or after January 1, 2020 (consequently, Article 212 I-b of the FTC has been repealed as from January 1, 2020).

In substance, hybrid mismatches may result from the difference in the CIT tax treatment of (i) financial instruments, (ii) entities or (iii) payment attribution rules between two countries. Such differences may result in either:

i A deduction for tax purposes in one country (the payer's jurisdiction) without corresponding inclusion in the other (the payee's jurisdiction); or

ii A deduction in both countries (i.e., in the jurisdiction in which the payment has its source and in the investor's jurisdiction).

The new Hybrid Mismatch Rules provide for neutralization mechanisms of these mismatches which broadly lead to either (i) a non-deduction of payments or (ii) an inclusion in the taxable income of these payments.

In practice, the Hybrid Mismatch Rules may concern any type of expenditure (including financial expenses) but shall only apply if a mismatch outcome arises either (i) between associated enterprises or (ii) under a structured arrangement (i.e., an arrangement involving a hybrid mismatch where the mismatch outcome is priced into the terms of the arrangement or an arrangement that has been designed to produce a hybrid mismatch outcome). For the purposes of these rules, an associated enterprise is different from a related party within the meaning of Article 39.12 of the FTC and means:

an entity in which the taxpayer (i) holds directly or indirectly a participation in terms of voting rights or capital ownership of 50% or more or (ii) is entitled to receive 50% or more of the profits of that entity;

a person which (i) holds directly or indirectly a participation in terms of voting rights or capital ownership in a taxpayer of 50% or more or (ii) is entitled to receive 50% or more of the profits of the taxpayer;

a taxpayer in which a person, who holds directly or indirectly a participation of 50% or more of the taxpayer's voting rights or capital, also holds an interest of 50% or more of the voting rights or capital;

an entity that is part of the same consolidated group for financial accounting purposes as the taxpayer;

An enterprise in which the taxpayer has a significant influence in the management or an enterprise that has a significant influence in the management of the taxpayer.

Pursuant to Article 212 *bis* of the FTC, subject to certain exceptions and safeharbour clauses, net financial charges, which are defined as the portion of financial charges exceeding financial income, accrued by companies that are subject to French corporate income tax, without distinction between third-party debts and related-party debts are deductible from their taxable result only up to a maximum amount equal to the higher of: (i) €3 million (to be adjusted on a *prorata temporis* basis for fiscal years which do no last twelve months) and (ii) 30% of the company's result before interest, taxes, depreciation, and amortization adjusted for tax purposes ("**Tax EBITDA**") generated in the same fiscal year (the "**30% EBITDA Limitation**").

By exception, subject to certain exceptions and safeharbour clauses, where the average amount of the related-party debts of a company within the meaning of Article 39.12 of the FTC during a fiscal year exceeds in respect of that fiscal year one and a half times the amount of its equity (*fonds propres*), net financial expenses borne by such company are deductible for a portion of their amount up to the higher of (i) 30% of its Tax EBITDA and (ii) €3 million multiplied by a ratio equal to (A) the average amount of non-related party debts increased by 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) divided by (B) the average amount of all sums borrowed by or made available to the company during said year. The balance of net financial expenses is deductible for a portion of their amount up to the highest of (i) 10% of its Tax EBITDA and (ii) €1 million multiplied by a ratio equal to (A) the average amount of related-party debt exceeding 1.5x the company's equity (assessed either at the beginning or at the closing date of the fiscal year) divided by (B) the average amount of all sums borrowed by or made available to the company during said fiscal year

Under Article 223 B *bis* of the FTC, the above mentioned limitations apply, mutatis mutandis, to companies that belong to French tax-consolidated groups with respect to amounts made available by lenders outside such group.

Finally, pursuant to Article 223 B of the FTC (generally referred to as the "*Amendement Charasse*"), when the shares of a target company are purchased from a seller by a company controlled directly or indirectly by such seller (or placed under common control with the seller), and the target company and the acquiring company become members of the same French tax-consolidated group, a portion of the interest incurred by the French tax-consolidated group in respect of a fiscal year is considered as non-deductible and is therefore added back to the tax-consolidated income. This add-back of financial costs is applicable over a maximum period of nine fiscal years (including the acquisition's fiscal year) unless the target company leaves the French tax consolidated group (other than as a result of a merger with a company of the tax group to which the acquiring company belongs).

If the limitation applies, the amount to be added back for each fiscal year is computed as follows:

$$\text{Non-deductible interest expenses} = \text{Interest expenses deducted from the tax-group's taxable income} \times \frac{\text{Purchase price of the shares}}{\text{Average amount of the tax-group's debts}}$$

The above mentioned tax rules may limit the Group's ability to deduct interest accrued on the Group's indebtedness incurred in France and, as a consequence, may increase the Group's tax burden, which could adversely affect the Group's business, results of operations and financial condition and reduce the cash flow available to service the Group's indebtedness.

Risks Relating to the Group's Employees and Management, Majority Principal Shareholder and Related Parties

The Group's employees may engage in misconduct or other improper activities, which could harm its business.

Given the size of the Group, it is likely to be exposed to instances of employee fraud, including, but not limited to, payroll fraud, falsification of expense claims, thefts of cash, assets or intellectual property, false accounting and other misconduct. Individual employees may also act against the Group's instructions and either inadvertently or deliberately violate applicable law, including competition laws and regulations, by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients, or the Group's internal policies. In addition, because we delegate a number of operational responsibilities to the Group's subsidiaries and the Group's local managers retain autonomy regarding the management of the Group's operations in their markets, it may face an increased likelihood of the risks described above occurring. The Group also subcontract, through

ACS, ATS and certain other Group entities, certain of the Group's maintenance, customer service, installation and other activities to third party suppliers acting on the Group's behalf and instances of fraud perpetuated by employees of these suppliers might also expose us to claims and/or may have a detrimental impact on the Group's brand and reputation. In addition, because we delegate a number of operational responsibilities to the Group's subsidiaries and the Group's local managers retain substantial autonomy regarding the management of the Group's operations in their markets, it may face an increased likelihood of the risks described above occurring.

The Group's relations with its employees could be affected by changes in the competitive landscape.

The Group operate in highly competitive and changing markets, which requires us to constantly adapt, anticipate and adopt new measures in order to preserve our competitiveness and efficiency. This leads to regular changes in the Group's organizational structure and operations, which requires the Group's employees to be flexible in responding to such changes. This process requires mobilization and motivation of teams with the Group's objectives. As a result, the Group's business could be affected by deterioration in labor relations with its employees, staff representative bodies or unions. The Group's ability to maintain good relations with our employees, staff representative bodies and unions is crucial to the success of our various projects. Therefore, we must continuously consult with staff representatives in order to ensure the success of our current and future projects, which may delay the completion of certain projects. Furthermore, projects may be poorly received by employees and lead to a deterioration in labor relations, which could, in turn, lead to declines in productivity and possible labor disputes (e.g. strikes, disruptions), which could have a material adverse effect on our business, financial condition and results of operations.

In addition, planned decisions may not be well received by employees and may lead to a deterioration of the social climate, causing decreases in productivity and potential social conflicts (work interruptions, disruptions, etc.). Such situations could have a material adverse effect on the business, financial situation and operational results of the Group.

The loss of certain key executives and personnel, failure to apply the necessary managerial and operational resources to our growing business or failure to sustain a good working relationship with employee representatives, including workers' unions, could harm our business.

The Group depend on the continued contributions of our senior management and other key personnel and, in particular, Patrick Drahi, who is the President of the Board at Altice Europe and our principal shareholder.

There can be no assurance that we will be successful in retaining their services or that we would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of the support of our founder and controlling shareholder (including the allocation of his time to any other business interests) or any of these key executives and employees could cause disruptions in our business operations, which could materially adversely affect our business, financial condition and results of operations. Any failure to apply the necessary managerial and operational resources to our growing business and any weaknesses in our operational and financial systems or managerial controls and procedures may impact the Group's ability to produce reliable financial statements and may adversely affect our business, financial condition and results of operations.

In our business, we rely on sales forces and call center employees to interface with the major part of our customers. Their reliability is key, as is our relationship with employee representatives. Some of our employees currently belong to organized unions and works councils, and there can be no assurance that more employees will not form or join unions in the future. An increase in the number of our unionized employees could lead to an increased likelihood of strikes, work stoppages and other industrial actions. In addition, we also face the risk of strikes called by employees of our key suppliers of materials or services as well as our installation providers, which could result in interruptions in the performance of our services. The Group cannot predict the extent to which future labor disputes or disturbance could disrupt our operations, cause reputational or financial harm or make it more difficult to operate our businesses.

Possible labor conflicts could disrupt our activities, affect our image or make the operation of our facilities more costly.

In the year ended December 31, 2018, we had on average approximately 19,163 employees, some of whom are union members. The Group may have to negotiate at length with unions and works councils, and may suffer strikes, labor conflicts, work stoppages and other labor action, and it may also encounter difficulties in attracting and keeping staff due to local or general strikes. Strikes and other labor action, as well as the negotiating of new

collective bargaining agreements or wage negotiations, could disrupt our activities and have a material adverse effect on our business, financial position and results of operations.

The Group is active in very competitive markets that are constantly evolving, thus requiring its constant adaptation to, anticipation and adoption of new operational practices and technologies to preserve its competitiveness and our efficiency. This entails regular changes in organizations, which requires adaptation on the part of the human resources involved. In particular, this process demands an ability to mobilize skills and motivate and orient teams toward our objectives. As a result, the Group's activities may sometimes be affected by a deterioration of the labor relations with our employees, staff representative bodies or labor unions. In such instances, certain of the Group's entities would have to consult their staff representative bodies, or will have to do so, in order to successfully execute the Group's current and future projects, which is likely to slow down the performance of certain operations.

The Group also faces the risk of strikes called by employees of our main suppliers of equipment or services, as well as our facility providers, the latter generally organized in regional unions, which could lead to interruptions in our services. The Group cannot guarantee that labor conflicts or difficulties in retaining our staff will not have a material adverse effect our business and, potentially, our results of operations and our financial position.

The Group has undertaken a simplification of its organization and implemented certain operating synergies measures. This transformation plan involves numerous situations of internal mobility, which may result in employee dissatisfaction or loss of personnel. In addition, the Group has optimized its workforce and executed a voluntary retirement plan taken up by a significant number of employees. There can be no assurance that these measures will generate the expected efficiencies or benefits. As a result of these initiatives, there can be no guarantee that the Group will not experience employee dissatisfaction or personnel loss in the future.

CAPITALIZATION

The following table sets forth (i) the Group's consolidated cash and cash equivalents and total financial debt as of September 30, 2019, on an actual basis, (ii) as adjusted to give effect to the Proposed Financing and the Refinancing (but without giving effect to the Proposed Exchange Offer, or the Automatic Exchange) as if such transactions had occurred on September 30, 2019 (the "**Pre-Proposed Exchange Offer Capitalization**); and (iii) as adjusted to give effect to the Transactions, including the successful completion of the Proposed Exchange Offer and assuming that all of the Existing 2027 Altice Lux Notes are properly tendered (and not validly withdrawn) in exchange for the Senior Notes, as if such transactions had occurred on September 30, 2019 (the "**Post- Proposed Exchange Offer Capitalization**"). The as adjusted amounts are estimates and may not accurately reflect the amounts outstanding upon completion of the applicable Transactions or such other transactions. As adjusted amounts may vary from the estimated amounts depending on several factors, including, among other things, changes in the exchange rate for dollars and euros. See "*Summary—Recent Developments*" and "*Summary—The Transactions.*"

This table should be read in conjunction with "*Summary—The Transactions*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Indebtedness*" and the financial statements and notes thereto included elsewhere in this Notice.

The amounts set forth below are based on an exchange rate as of September 30, 2019, of €1.00 = $1.0903

	September 30, 2019		
	Actual	**As adjusted for Pre-Proposed Exchange Offer Capitalization**	**As adjusted for Post-Proposed Exchange Offer Capitalization**
	(in millions of euros)		
Cash and cash equivalents[1]	1,797	188	188
Financial debt:			
Senior Secured Notes	—	500	500
Existing Senior Secured Notes[2]	11,422	9,924	9,924
Existing Term Loans[3]	7,588	7,588	7,588
Existing Revolving Credit Facilities[4]	250	—	—
2019 Hivory Senior Revolving Facilities[5]	10	10	10
Finance Leases and other liabilities[6]	258	258	258
Total senior financial debt[7]	**19,528**	**18,280**	**18,280**
Senior Notes [8]	—	1,608	1,608
Exchanged Senior Notes[9]	—	—	2,867
Total third-party debt[7]	**19,528**	**19,888**	**22,755**
Exchange rate effect of derivative instruments on senior financial debt [10]	(1,389)	(1,389)	(1,389)
Exchange rate effect of derivative instruments on Proposed Exchange Senior Notes [10]	—	—	(119)
Total senior financial debt (after currency impact of derivative instruments)[11]	**18,139**	**16,892**	**16,892**
Total third-party financial debt (after currency impact of derivative instruments)[11]	**18,139**	**18,499**	**21,248**

(1) As of September 30, 2019 the total consolidated cash and cash equivalents of the Group was €1,797 million. As adjusted amount includes (i) the use of €67 million of cash by the Group in connection with the Transactions; and (ii) a net amount of €1,542 million used in connection with the Existing 2024 Senior Secured Notes Redemption in October 2019. As adjusted amount does not give effect to €250 million of net cash made available by the Group to Altice Group Lux and Altice Lux under various intercompany loans after September 30, 2019.

(2) Actual amount reflects (i) an aggregate principal amount of $815 million (€748 million equivalent) of Existing 2024 Senior Secured Dollar Notes outstanding as of September 30, 2019 and an aggregate principal amount of €750 million of Existing 2024 Senior Secured Euro Notes outstanding as of September 30, 2019, (ii) an aggregate principal amount of $5,190 million (€4,760 million equivalent) of Existing 2026 Senior Secured Notes outstanding as of September 30, 2019, (iii) an aggregate principal amount of $1,750 million (€1,605 million equivalent) of Existing 2027 Senior Secured Dollar Notes outstanding as of September 30, 2019 and an aggregate principal amount of €1,000 million of Existing 2027 Senior Secured Euro Notes outstanding as of September 30, 2019 and (iv) an aggregate principal amount of $1,100 million (€1,009 million equivalent) of Existing 2028 Senior Secured Dollar Notes outstanding as of September 30, 2019, an aggregate principal amount of €1,000 million of Existing 2028 Senior Secured

Euro Notes outstanding as of September 30, 2019 and an aggregate principal amount of €550 million of Existing 2025 Senior Secured Notes outstanding as of September 30, 2019. As adjusted amounts give effect to the Existing 2024 Senior Secured Notes Redemption in full with the proceeds of the September 2019 Issuance.

(3) Reflects the aggregate principal amount of $5,982 million (€5,486 million equivalent) and €2,102 million of outstanding borrowings under the Existing Term Loan Agreement as of September 30, 2019.

(4) Actual amount reflects the aggregate principal amount of €250 million of indebtedness drawn and outstanding under the Existing Revolving Credit Facilities as of September 30, 2019. As of September 30, 2019, we had €914 million of availability under the Existing Revolving Credit Facilities. As of January 22, 2020, we had €500 million of indebtedness drawn and outstanding under the Existing Revolving Credit Facilities. As adjusted amounts give effect to the RCF Refinancing with the proceeds from the Notes.

(5) Reflects the aggregate principal amount of €10 million of outstanding borrowings under the 2019 Hivory Senior Revolving Facilities. See "*Description of Indebtedness–2019 Hivory Senior Revolving Facilities*" for more information.

(6) These amounts do not give effect to IFRS 16. The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively, included elsewhere in this Notice for more information. As of September 30, 2019 (after applying IFRS 16), lease liabilities of the Group were €2,867 million.

(7) Excludes (i) customer deposits of €203 million (of which €34 million is short term) which are deposits by customers renting set-top boxes and broadband routers, repayable when customers return such devices in good functioning order at the end of their contracts, (ii) securitization debt of €170 million, (iii) reverse factoring liabilities of €522 million, (iv) the perpetual subordinated notes issued by SFR Fibre to Vilorex, a subsidiary of GDF Suez (the "Perpetual Subordinated Notes") and (v) operational lease liabilities prior to the application of IFRS 16. The proceeds of the Perpetual Subordinated Notes have been earmarked for financing the construction of plugs in towns located in SIPPEREC's southern hub (Syndicat Intercommunal de la Périphérie de Paris pour l'Electricité et les Réseaux de Communication). The Perpetual Subordinated Notes bear interest at 7% per annum. Interest is capitalized. The total financial liabilities under the Perpetual Subordinated Notes amounted to €56 million as of September 30, 2019 (excluding accrued interest).

(8) As adjusted amount reflects the euro equivalent amount of the aggregate principal amount of the Senior Notes.

(9) As adjusted amount reflects the euro equivalent of the Existing 2027 Altice Lux Notes comprising (i) €1,400 million in aggregate principal amount of Existing 2027 Altice Lux Euro Notes and (ii) $1,600 million (€1,467 million equivalent) in aggregate principal amount of Existing 2027 Altice Lux Dollar Notes) properly tendered (and not validly withdrawn) in exchange for the Senior Notes in the Proposed Exchange Offer, assuming that 100% of the Existing 2027 Altice Lux Notes are exchanged for Proposed Exchange Senior Notes.

(10) Reflects the difference in notional amount of derivatives due from counterparty denominated in U.S. dollar converted in euro based on the exchange rate as of the balance sheet date and the notional amount of the derivatives due to counterparty in euros, as disclosed in Note 13 of the Unaudited Financial Statements included elsewhere in this Notice. This does not give effect to any restructuring of swap instruments in the ordinary course of business after September 30, 2019.

(11) Does not include amounts incurred by SFR FTTH, an associate in which the Group owns a 50.01% interest, under the 2019 SFR FTTH Senior Facilities Agreement. SFR FTTH is accounted for as an associate and therefore is no longer consolidated in the Historical Consolidated Financial Information. SFR FTTH will be designated as an unrestricted subsidiary under the Indentures (and therefore will not be subject to any of the covenants thereunder). See "*Business of the Group—Material Contracts—SFR FTTH*" for more information.

INDUSTRY, COMPETITION AND MARKET OVERVIEW

Industry Overview

The French telecommunications market is the third largest in Europe (Source: Paul Budde Communication Pty Ltd, www.budde.com.au; France—Telecoms, Mobile and Broadband—Statistics and Analyses, November-2018), with revenues of approximately €35 billion in the last twelve months leading to September 30, 2019 (Source: ARCEP). While the Group operates in all segments of the French telecommunications market, its activity focuses on fixed-line very-high-speed internet, pay-TV, mobile and next-generation B2B services (advanced data services, IP VPN, hosting and cloud services).

France is one of the largest European fixed-line high-speed internet markets, with nearly 29.6 million fixed-line high-speed subscriptions as of September 30, 2019 (Source: ARCEP). Higher bandwidth is becoming increasingly important for B2C. While only 35.9% of broadband lines were very-high-speed lines as of September 30, 2019, in France, access to very high speed internet continues to rapidly increase with a 27% increase in very high speed subscriptions over the last twelve months (Source: ARCEP). As of September 30, 2019, 6.4 million households had access to very-high-speed optical FTTH (Source: ARCEP). Including other alternatives (HFC, VDSL2), 7.6 million households had access to very-high speed fixed services as of September 30, 2019 (Source: ARCEP).

In the mobile market, the total number of SIM cards (excluding M2M SIM cards) increased, from 75.5 million cards as of September 30, 2018, to 76.8 million cards as of September 30, 2019 (Source: ARCEP), with growth driven primarily by the postpaid segment. This growth has been sustained by an increase in the rate of penetration of mobile phones, smartphones and tablets and the growth of quadruple play offers. The value of the French mobile market, which had been declining since 2011 after the fourth mobile telephony operator entered the market in early 2012, contributing to a drop in the pricing of mobile offers in France, has remained stable in the last year (+1.2% increase from Q3-2018 to Q3-2019) (Source: ARCEP).

In both the B2C and B2B segments, data usage has increased and data needs have become more complex, as the next-generation services require higher speeds and bandwidth capacity.

B2C market

The Group is present in metropolitan France, which as of December 31, 2019 had a population of approximately 64.9 million residents (*Source: INSEE*).

The French B2C internet access segment is a mature one, with 29.6 million fixed-line high-speed subscriptions as of September 30, 2019 (*Source: ARCEP*).

In terms of very-high-speed internet access, which ARCEP defines as internet access for which the peak download speed is greater or equal to 30 Mbps, the French market nevertheless presents a relatively low rate of penetration, with only 35.9% of households having very-high-speed internet access as of September 30, 2019 (*Source: ARCEP*). The Group estimates that such under-penetration could constitute an attractive opportunity for growth, as B2C subscribers are beginning to favor higher speed and bandwidth capacity for their internet use.

The French high-speed internet access market is one of the most competitive in Europe, with significant unbundling and strong incumbent competitors. The Orange fixed-line network includes a local loop serving the entire French population, and the unbundling allows other DSL access providers to access it at a price that is regulated by ARCEP. According to ARCEP, as of September 30, 2019, 11.7 million lines were unbundled (with 86% of all lines being totally unbundled). All operators reputed to exert significant influence are required to offer unbundled access to their local loop and associated infrastructure under non-discriminatory conditions, which leads to increased competition on the market.

The competition on the B2C market has intensified after the president of Bouygues Telecom announced in December 2013 his intention to launch a price war on fixed-line internet offers in 2014, following Free's ads for its 4G offers and the results of its competitors. Bouygues Telecom introduced a triple play offer at €19.99 per month in February 2014, and in July 2014 launched a FTTH offer at €25.99 including tax per month, with no commitment in terms of duration. In March 2015, Iliad announced the release of a new triple play box under Android TV™, the mini 4K, at the price of €29.99 per month, with no commitment in terms of duration.

As of September 30, 2019, Orange, Free (Iliad) and Bouygues Telecom reported a volume of subscribers with broadband services of 11.6 million, 6.4 million and 3.8 million respectively (*Source: September 2019 earnings releases*).

The French B2C mobile telephony market is a mature market, even though it has experienced significant changes in recent years, with the entry of a fourth mobile telephony operator in January 2012. The penetration rate of mobile telephony (excluding M2M SIM cards) in France has continued to increase, in line with historical trends, from approximately 109.7% as of December 31, 2016 for the entire population, to 111.8% as of December 31, 2017, 112.8% as of December 31, 2018, and 118.3% as of September 30, 2019. (*Source: ARCEP, INSEE)*.

1. Pay Television

Introduction

The French pay-TV television market is one of the largest in Europe. As with other European markets, the behavior of B2C consumers of television services in France is increasingly centered on digital, innovative, HD, Ultra-HD, and 3D-TV television services, as well as interactive television services such as VOD, which require large bandwidth, along with bi-directional distribution platforms.

Broadcast platforms

In France, television signal broadcasting platforms include satellite, IP (DSL/FTTH), the cable network of the Group, terrestrial systems (DTT) and OTT. TV viewers who have the appropriate television equipment may receive signals and watch programs on approximately 25 television channels free of charge (with no subscription) through DTT. In order to have access to more channels or content, TV viewers must subscribe to pay-TV services. The pay-TV market in France is divided between standard pay-TV in the form of packages of standard channels, in other words DTT channels, as well as low added-value channels, and premium pay-TV in the form of premium channel offers, which are specialized in sports, cinema and other thematic channels. The incumbent operators of pay-TV must confront growing competition in free television (including DTT) and other alternatives to pay-TV (OTT and catch-up TV), although the competitive advantage of pay-TV (excellent quality programming and premium services) and the loyalty of the existing subscriber base have contributed to its sustainability (low price sensitivity and weak churn).

The growth of IPTV has transformed the market, offering the possibility of providing pay-TV services that go beyond the traditional cable and satellite methods (which is limited by the impossibility of installing a satellite dish on the facade of buildings in certain areas, such as the center of Paris).

Even though pay-DTT (which now concerns only the Canal+ Group) currently represents a low share of pay-TV, providers of pay-DTT could in the future be able to offer a larger selection of channels to a broader audience at a price that is lower than the one billed by the Group for its cable television services.

The Canal+ Group distributes its offers on all broadcasting platforms: DSL, DTT, satellite and the cable network of the Group (in the latter case, only for channels that belong to Canal+, called Les Chaînes Canal+, excluding CanalSat). The Canal+ Group has two additional offers: a premium offer consisting of Les Chaînes Canal+ and a multi-channel package known as CanalSat. These two supplementary offers may be subscribed to individually or together. The Canal+ Group has developed numerous services with high added value to its offerings, such as CanalPlay (TV on-demand not available by satellite but available on the Group's cable network), HD or even multi-screen broadcasting. As of December 31, 2018, the Canal+ Group had 16.2 million individual subscribers, of which 8.4 million individual subscribers are in mainland France (*Source: Vivendi Q4 2018 Results*). The Canal + Group has negotiated agreements with broadcasters on the broadcasting platforms to which they hold rights.

With regard to Canal+ Group, the Group's pay-TV offers are above all in competition with the CanalSat offers, as the content of their offers is similar (the content of the Canal+ channels is exclusive to the Canal+ Group). There are several CanalSat offers, including CanalSat Panorama (78 thematic channels, €19.90 per month) and L'Intégrale offer, which include all Canal+ and CanalSat channels (€79.90 per month). Last, one may customize its offer adding thematic pack(s) (Family, Canal+ channels, Cinema Series and/or Sport – including beIn) to the main pack (Canal+ and Canal+ Décalé). The Multisports and beIn Sport channels are not included but may, along with other channels, be added as an option.

(a) Cable

The Group is the only major cable operator in France. The revenue for cable network operators is primarily derived from subscription costs paid by subscribers for services provided. The Group estimates that direct access to its subscribers will allow it to identify and respond locally to their demand for specific products and services more easily, and thus to better serve them. The services provided by the cable networks feature easy-to-use technology, installation that is adapted to equipment at subscribers' homes, and reliable secure signals which are directly broadcast to their homes. Cable television subscribers can access the customer services provided by the cable operator upon request. Cable also offers subscribers a high quality of service, including excellent image quality, multiple HD channels, 3D-TV compatibility and VOD offers.

With the market trending towards group offers for multimedia and telecommunications services, the market share in cable television should benefit from the capacity of cable to provide triple play services that benefit from a broad bandwidth, fast speed and bi-directional capacity.

(b) DSL/VDSL2

Triple and quadruple play offers from the Group are in competition with DSL offers from Orange, Free and Bouygues Telecom, which are currently offering television services to subscribers connected to the Group's network by using high-speed DSL internet connections, and with CanalSat, which offers premium pay-TV on DSL and satellite networks. Even though DSL technology covers a potentially larger customer base (covering, for Orange, its local loop, and for the others, the part of Orange's local exchange which was unbundled), the Group estimates that the superiority of its fiber optic/cable technology in terms of quality, reliability and richness of content will allow it to challenge this statement in the years to come in the areas where the Group has rolled out its fiber optic/cable network. See "*Business of the Group—Network*". The Group estimates that DSL television presents a disadvantage as compared to cable: the addition of television services on a DSL network has the effect of saturating the network and decreasing the available bandwidth for the other services offered, in particular high-speed internet services which require broad bandwidth. However, the roll-out of FTTH could attenuate the effects of this disadvantage.

(c) FTTH

Operators are expanding their FTTH networks, with the most active players being Orange and the Group. As of September 30, 2019, the Group had approximately 14.2 million homes passed with fiber/cable, Orange 14.6 million FTTH connectible homes, while Iliad had 12.0 million connectible sockets and Bouygues was marketing 10.2 million FTTH premises. Triple and quadruple play offers from the Group are in competition with fiber offers from Orange, Free and Bouygues Telecom, which are currently offering television services to subscribers connected to the Group's network by using high-speed FTTH internet connections. These offers are more competitive than the historical xDSL offers. As of September 30, 2019, almost 93% of FTTH broadband subscriptions were coupled with a payTV subscription. (*Source: ARCEP*)

- (d) Satellite

Satellite holds an important place on the French television market, in particular for premium products. Satellite subscribers may opt for free satellite television or pay satellite television. Satellite operators broadcast digital signals directly to television viewers at the national level. To receive the satellite signal, TV viewers must have a satellite dish, satellite receiver and a TV set-top box. They must also have a "smart card" to access subscription and premium television services that are broadcast by satellite. Satellite operators of free TV have no contractual relationship with television viewers and thus do not collect any subscription fees or other royalties.

Satellite broadcasting presents a certain number of competitive advantages compared to cable television services, in particular a wider range of available programs on a larger geographic zone, in particular in rural areas. Conversely, the Group estimates that satellites are less widely available in urban areas due to restrictions on the installation of satellite dishes. The Group considers that satellites also present the following disadvantages compared to cable: (i) high initial costs of obtaining and installing a dish; (ii) lack of regular maintenance services which, conversely, are provided by cable operators; and (iii) the vulnerable nature of the reception of satellite signals to external interference, such as unfavorable weather conditions.

(e) Pay digital terrestrial television

The Group's cable television services are likewise in competition with the pay-digital terrestrial television ("**DTT**") operators, such as the Canal+ Group. DTT currently offers only a limited number of channels, and no interactive television service, providing above all free television, although the quality of the image provided is good.

(f) OTT and other emerging technologies

The Group is faced with growing competition for alternative methods for broadcasting television services other than through traditional cable networks. For example, online content aggregators which broadcast OTT programs on a high-speed network, such as Amazon, Apple, Google and Netflix, have already become competitors and are expected to grow stronger in the future. Connected or "smart" TVs facilitate the use of these services.

OTT refers to high speed broadcasting of video and audio content without the internet access provider being involved in the control or distribution of the program (its role is limited to transporting IP packages), as opposed to the purchase of video or audio programs from an internet access provider such as VOD video services or IPTV. Outside France, OTT has had great success. The extent of the competition these alternative technologies will exert on the Group's cable television system in France is not yet known. In particular, OTT in France is affected by the "media chronology" in France, which forces subscription VOD services to comply with a minimum period of 36 months between when a film comes out in France and when it becomes available in a subscription VOD catalog, although this does not apply to series or films that are not shown in theaters.

Netflix launched offers in France on September 15, 2014, offering a one-month free trial and then flat fees beginning at €7.99 per month for basic definition screens, and up to €13.99 per month for four HD-quality screens. Bouygues Telecom and Orange have signed agreements with Netflix under which their respective subscribers may directly access unlimited on-demand video service on their television via a Netflix subscription as of November 2014 (*Source: Bouygues Telecom and Orange.fr website release*). The television offer with Google Play under the Group's "SFR" brand also includes access to Netflix.

Apple TV is also a competitor, and allows content to be broadcast on the television, with access to available content on iTunes and at other providers (CanalPlay, YouTube).

Google TV is also available, either directly on certain televisions, or with a set-top box, and offers on- demand content as well as access to applications such as YouTube. Amazon has also been available since 2016.

The offers of these providers or of other providers of content and/or technologies could significantly increase the pressure for competition on the French market, impacting the prices and structure of the offers. Nevertheless, such technologies could contribute to increasing the demand for very-high-speed internet access services that are offered by the Group.

2. Broadband internet

Introduction

High-speed internet access, often referred to simply as "high-speed internet", is a high-speed data internet connection. Recommendation I.113 of the Standardization Sector of the International Telecommunication Union ("**ITU**") defines "high-speed internet" or "broadband" as a transmission capacity that is higher than the primary speed of the ISDN, which is approximately 1.5 to 2 Mbps. France, with 29.6 million high-speed internet subscribers as of September 30, 2019 (*Source: ARCEP*), is one of the largest high-speed internet access markets in Europe. However, in terms of very-high-speed internet access, the French market has a relatively low penetration rate, with just 35.9% of households having very-high-speed internet access as of September 30, 2019 (*Source: ARCEP*). The Group estimates that these low penetration rates constitute an attractive growth opportunity for the Group as a reliable very-high-speed internet access provider. Smartphones and tablets are proliferating, and as they are increasingly used for multimedia functions, B2C subscriptions require both more bandwidth (to adapt to the increased average number of screens per household) and quicker download speeds (to adapt to the use of multimedia services).

The main high-speed internet access technologies are DSL (VDSL2) and fiber optics/cable. Digital analog modems, internet access via electric cable and local wireless loop technology are likewise available in France, although to a lesser extent.

Main distribution platforms—DSL, VDSL2, fiber optics and cable

DSL is the first high-speed internet access platform in France, with 18.4 million subscribers as of September 30, 2019, representing approximately 62% of the total French high-speed and very-high-speed market (*Source: ARCEP*). This situation is the result of several factors: the regulatory environment which encouraged competition for DSL thanks to unbundling and regulated wholesale prices; the relatively recent consolidation cable activity in France and the weak cable coverage level (cable represented only 15.9% of households that had access to very-high speed fixed services, as of September 30, 2019) (*Source: ARCEP*); the fact that the modernization of cable networks is relatively recent; and the relatively low levels of roll-out of fiber optics.

DSL currently offers consumers a maximum speed of approximately 29 Mbps (*Source: Bouygues Telecom, https://www.bouyguestelecom.fr/static/cms/tarifs/Guide_Des_Tarifs.pdf*). The average speeds experienced by subscribers are likely to be lower than the maximum speeds. In particular, DSL speeds depend on the distances between the access point to the local loop and the home.

The Group's network uses both FTTH technology and FTTB technology. Both technologies currently offer consumers a maximum speed of 1 Gbps. The major difference between the FTTH networks and the FTTB network lies in the fact that for FTTB, the vertical connection (within the building) to the subscriber uses a coaxial cable.

The roll-out of FTTH networks in France began slowly. Installation of this type of technology represents an investment of capital and time, and requires civil engineering and cabling work, be it horizontally to increase the number of residents covered, or vertically within buildings. The government considers the FTTH networks to constitute a significant part of its long-term investment plan and in February 2013 announced an FTTH roll-out program of €20 billion (invested by private operators and local and regional authorities) and the objective of providing very-high-speed internet access to the entire country by 2022. The government expects that FTTH will represent 80% of the very-high speed network deployed (*Source: France Très Haut Debit, https://www.francethd.fr/le-tres-haut-debit/qu-est-ce-qu-un-reseau-tres-haut-debit.html)*. The government will provide a €3,300 million subsidy package, a portion of which comes from the Investments for the Future Program (*Programme des Investissements d'Avenir*) which is managed by France's General Commissariat for Investments and governed by the 2015 Budget Act. The rollout has been divided in three zones: (i) very dense areas (5.5 million households) (ii) low-density areas (12.5 million households); and (iii) low-density areas (15.2 million households). Very dense areas and low-density areas are expected to be covered with privately-funded networks while private operators are expected to co-invest with public partners in the low-density areas (*Source: ARCEP*). Orange and the Company will lead the deployment of the very-high speed network in privately-funded, low density areas, with the Company being in charge of 20% of the network deployment (*Source: TeleGeography, https://www.telegeography.com/products/commsupdate/articles/2018/06/28/orange-altice-ink-new-fibre-sharing-deal/*). Various local and regional authorities have already extended subsidies to network operators to install FTTH connections. This trend should continue, as certain departments, municipalities and regions, such as Hauts-de-Seine, Amiens and Louvin, for example, have entered into public-private partnerships to encourage such investments. As of September 30, 2019, France had a total of 6.4 million very-high-speed internet subscribers via FTTH, a 47.3% increase in one year (*Source: ARCEP*). The Group signed agreements with Orange, as did Free, relating to the roll-out of fiber optics in less dense zones of France. In accordance with the conditions established by ARCEP, third-party operators may likewise have access to the infrastructure used by an operator, including by co-financing projects, for their own very-high-speed internet offers.

VDSL2 technology is an alternative solution. DSL networks may be improved, and a portion of them have already been improved, thanks to the VDSL2 technology, which the government authorized for use in April 2013, and which may provide maximum bandwidth download speeds of up to 100 Mbps. More particularly, the roll-out of VDSL2 only requires the addition of VDSL2 cards in the DSLAMs that were already rolled out and does not entail any physical intervention at the subscriber's home.

As of September 30, 2019, very-high-speed subscribers represented approximately 35.9% of all high-speed internet subscribers (*Source: ARCEP*), and the Group was the top player in this market. The Group currently offers cable subscribers internet speeds up to 1 Gbps through its modernized network and set top boxes.

The following table shows the distribution between high-speed internet services in France, between September 30, 2018 and September 30, 2019 (*Source: ARCEP*):

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
			in millions		
High-speed subscriptions					
xDSL subscriptions	19.986	19.562	19.159	18.753	18.360
Other high-speed subscriptions	0.576	0.574	0.577	0.562	0.571
Total number of high-speed subscriptions	**20.563**	**20.136**	**19.737**	**19.315**	**18.931**
Very-high-speed subscriptions					
of which very-high-speed □100Mbits/subscriptions	**5.627**	**6.086**	**6.579**	**7.052**	**7.554**
of which end-to-end fiber optics subscriptions	4.315	4.800	5.312	5.809	6.356
of which cable subscriptions	1.312	1.286	1.267	1.242	1.198
of which other very-high-speed □30 and □100Mbits/s* subscriptions	**2.724**	**2.880**	**2.955**	**3.010**	**3.063**
Total number of very-high-speed subscriptions	**8.350**	**8.966**	**9.534**	**10.062**	**10.616**
Total number of high-speed and very-high-speed subscriptions on fixed-line networks	**28.913**	**29.102**	**29.271**	**29.376**	**29.548**

* including subscriptions in VDSL2 for which speed is >=30 Mbits/s

As of September 30, 2019, the Group had approximately 6,312,000 total fixed B2C subscribers, including approximately 2,760,000 fiber/cable unique customers subscribers.

The Group is also in competition with operators who use alternative technologies for high-speed internet access, such as mobile 3G and 4G internet. As of September 30, 2019, there were a total of approximately 76.8 million SIM cards (excluding M2M) on the French market (including 74.8 million "active" cards) and, as of September 30, 2019, 62.3 million active mobile 3G subscribers and 52.9 million active mobile 4G subscribers (*Source: ARCEP*). The Group, along with Orange, Bouygues Telecom and Free, also rolled out offers based on 4G/LTE, which allow quicker high-speed mobile internet service to be provided. In October 2011, Orange, the Group, Bouygues Telecom and Free obtained licenses for the spectrum range of 2.6 GHz, adapted to the roll-out of the 4G/LTE networks. As of September 30, 2019, the Group believes it is the leader in terms of 4G mobile antennas in service in France with 18,387 antennas and covers 98.7% of the population with 4G. The Group, Orange, Free and Bouygues Telecom have already announced they are preparing the arrival of the next generation of mobile telephony with 5G technology (*Source: Q1 2018—PR Results p.11/18, Orange—Preparing 5G p.1/6, Free—Preparing 5G p.2/4, Bouygues Telecom—Preparing 5G—JV with Huawei and Trials in Bordeaux p.2/4*). In Israel, the regulator published a tender regarding 5G frequencies in July 2019.

Moreover, alternative internet access technologies could be introduced in the future. These technologies should further increase competition, or could lead operators to increase their investment costs to make additional upgrades. Competition in these alternative technologies, specifically in terms of pricing, could become more intense in the future.

3. Fixed-line telephony

Traditional switched voice lines have been on the decline for several years, being gradually replaced by VoIP lines and mobile telephony. More generally, fixed-line telephony has become a basic product, which is now generally grouped under multi-play offers. The fixed-line services have consequently become dependent on a quality high-speed internet offer. Flat rates for fixed-line telephony have become the market standard.

The fixed B2C telephony market in France is also facing the pressure exerted by alternate operators, with the decrease in the prices of mobile telephony and interconnection rates, as well as alternative access technologies and other internet telephony methods offered on high-speed internet connections. The Group is expecting competition to be increasingly intense in the future, in particular in terms of pricing.

Fixed-line traffic dropped approximately 14.3% in Q3-2019, as compared to Q3-2018 (*Source: ARCEP*).

4. Mobile Telephony

Introduction

France is one of the largest mobile telephony markets in Europe. At September 30, 2019, there was a total of approximately 76.8 million SIM cards in France (excluding M2M), representing a 118.3% penetration rate in the French population (*Source: ARCEP*), a figure that has consistently increased over the past few years. The historically low mobile telephony penetration rate, combined with the drop in market prices, has led to a significant increase in mobile telephony subscriptions. This growth has been driven by the subscription contract segment, which increased by nearly 4.9% in volume between Q3-2018 and Q3-2019 (*Source: ARCEP*). The increase in the subscription contract segment and the decline in the prepaid contracts segment are primarily due to customers' desire to switch to post-paid and to the competition of flat-rate offers free of commitment and at reduced rates. The income from mobile services on the retail market, which dropped since 2011, has been slightly growing in 2017 from approximately €12.9 billion to approximately €13.1 billion, representing a 1.7% growth in 2018 as compared to 2017 (including M2M revenues). In the twelve months leading to September 30, 2019, the income from mobile services increased modestly to €13.2 billion (*Source: ARCEP*). This improvement can be partly explained by the steady increase in the number of contracts, whose revenue per SIM card is three times higher than prepaid. The drop in this income that was noted during the 2012-2014 period is primarily attributable to two effects:

drops in rate are primarily a consequence of the arrival of a fourth mobile network operator, Free, in January 2012. This intensification in competition had the effect of lowering mobile offer rates in France. This trend is particularly found on the retail market, but has repercussions for the business and wholesale markets too;

call termination fees were divided by 2.5 between 2011 and 2013, and then became stable (*Source: ARCEP—Major Files—call terminations*). Nevertheless, in the future, the impact that a potential decrease in these rates could have on the income of operators should be limited, given the particularly low level achieved in France as compared to the rest of Europe (€0.0076 for a mobile voice call termination in the metropolitan area as of January 1, 2016 for all operators and announced €0.0074 as of January 1, 2017. *Source: ARCEP—Major Files—call terminations; approximately €0.00968 on average in Europe as of January, 2018—Source: Body of European Regulators for Electronic Communications BEREC*). The drop in income drawn from roaming, which is linked to the reduction in wholesale and retail fees for intra-Europe roaming, also had an impact on the sector's revenues. This drop should continue in the upcoming years, due to the expected decreases in roaming fees, which simultaneously result from regulatory changes and commercial offers from operators.

Market segmentation

Historically, there were only three mobile network operators in France: Orange, the Group and Bouygues Telecom. Iliad was granted the fourth mobile license in 2009, and launched a mobile telephony service in January 2012 under the brand name Free. Free's entry disturbed the market, intensifying competition due to its price-setting strategy, which introduced new reduced-price commercial offers onto the market. Before Free's entry, the majority of subscription contracts were based on limited usage (e.g.: four hours of communications) and subsidized cell phones. Free primarily introduced packages without cell phones, which contained limited outsourced services, but while providing unlimited data and communications offers (3G) at a very low cost (€19.99/month for its key offer). The mobile telephony market is currently very competitive in France, with the launch of new 4G offers, a declared hostility between competitors (specifically after the launch by Free and B&You of 4G offers at the same price as 3G offers) and the development of low-cost brands.

Other competitors also introduced low-price brands, such as B&You (Bouygues Telecom) and Sosh (Orange). The Group also adapted its strategy by launching its low-cost "SFR RED" brand. Free quickly gained market share, having attained approximately 13.3 million mobile customers as of September 30, 2019, and a market share of approximately 17%, seven years after its commercial launch (*Source: Iliad Q3-2019 Earnings Release and ARCEP*).

The French mobile market is also characterized by an important share of subscription services, i.e., 67.8 million as of September 30, 2019 (excluding M2M SIMs. *Source: ARCEP*). This is primarily due to prepaid offers being replaced by low-priced post-paid offers (e.g.: €2 per month) with a small number of communication hours (e.g.: two hours of communication) and no internet.

Over the past few years, MVNOs such as NRJ Mobile and La Poste Mobile have also used mobile operator networks to sell mobile products that bear their own brand names. The migration of customers to MVNOs seems to have stabilized, with MVNOs representing only a small market share in the French mobile market.

As of September 30, 2019, Orange, Bouygues Telecom and Iliad (Free) reported a total of 21.8 million, 17.5 million and 13.3 million mobile customers, respectively (*Source: September 2019 earnings releases*).

Price setting dynamics

In 2018, mobile services revenue returned to growth with a total of €13.1 billion revenues excluding VAT (+1.7%, from €12.9 billion in 2017). In the twelve months leading to September 30, 2019, the income from mobile services increased modestly to €13.2 billion (*Source: ARCEP*). After having reached a maximum of €19.5 billion in 2010, this income decreased over the next six years, with a decline reaching almost €2 billion in 2013 (*Source: ARCEP*). Indeed, in the past few years, the increased competition on the French mobile market has resulted in a drop in market prices, primarily due to the change in offers of certain subscribers to the benefit of post-paid services.

Part of the reason for the return of revenue growth is the continued increase in the number of postpaid contracts, whose revenue per SIM is three times higher than of prepaid. Income attributable to postpaid, corresponding to €12 billion excluding tax, went up for the second year in a row and represents 95% of all mobile operators' revenue (*Source: ARCEP*).

4G/LTE

The French market has historically been slower than other European markets in terms of mobile data consumption. Despite the high concentration of post-paid subscriptions, the market has been historically slower as concerns data services. Recently, this trend has changed, insofar as the operators have begun to launch 4G offers at reduced prices. As of September 30, 2019, 69% of SIM cards were 4G-enabled, representing an increase of 6.5 million sim cards to reach 52.9 million sim cards (*Source: ARCEP*).

Free was the first operator to introduce 4G at no additional cost in December 2013. Other operators on the market aligned their prices for 4G with those of Free, with all mobile network operators now offering similar all-inclusive 4G packages at an opening price of €20 per month.

Mobile call termination rates

Mobile call termination rates have been reduced by regulators across Europe. In France, ARCEP announced in 2011 that it would reduce mobile call termination rates (symmetrically for the main operators, which did not include Free because it had not yet launched its commercial operations). In late June 2011, Orange and the Group billed €0.03 per minute while Bouygues Telecom billed €0.034. The new regulations required operators to reduce the rate to €0.02 per minute as of July 1st, 2011, €0.015 as of January 1st, 2012, €0.01 as of July 1st, 2012, €0.008 as of January 1st, 2013, €0.0078 as of January 1st, 2015, €0.0076 as of January 1, 2016 and €0.0074 as of January 1, 2017. Consequently, France has one of the lowest mobile call termination rates in Europe, with limited margin for new rate reductions; in comparison, the average rate in Europe is €0.00968 as of January 2018 (*Source: Body of European Regulators for Electronic Communications*).

Mobile spectrum and network coverage

Mobile communications are provided through the use of a set of frequencies which the regulator allocates to the various operators. Currently, the four main operators benefit from a varied frequency spectrum, ranging from 800 to 2,600 MHz, which allows all 2G, 3G and 4G technologies to be offered.

The operating licenses for the spectrum in France are generally granted for a period of twenty years, and the operators can only use the technology covered by the license on each band of the spectrum. The other operators have very similar positions on the spectrum bands, which allows them to effectively compete in all of the technologies. The most recent frequency bid in France was for 700MHz in November 2015.

Technological developments

On mobile networks, in order to accompany the strong growth of mobile internet, operators have committed, in line with the evident desire of the public authorities, to the development of very-high speed-mobile infrastructure,

which will supplement the 3G coverage already used. In fall 2012, certain operators opened their fourth-generation networks (4G) by using different frequencies (800 MHz, 2,600 MHz or 1,800 MHz). 4G allows much higher speeds and capacities to be offered (up to theoretical download speeds of 100 Mbps) than those of the previous generation 3G+.

5. Bundling

The convergence of the B2C segment in France is the result of consumers' desire to receive multimedia and telecommunications services from a single operator and at an attractive price. In response, operators offer television, high-speed internet and fixed-line telephony services, which are grouped into bundled offers known as "double play" (two services provided together), "triple play" (three services—telephone, internet, television—provided together) or "quadruple play" (telephone, internet, television and mobile telephony provided together). "Quadruple play" offers have been available in the French market since 2009 (Bouygues Telecom). The Group and Orange introduced "quadruple play" offers in 2010. Numericable followed in 2011 and Free did the same in 2012.

These bundled service offerings allow multimedia and telecommunications service providers to satisfy the communication and entertainment needs of consumers, and draw new subscribers thanks to the improved value of the offers. As of September 30, 2019, approximately 27% of mobile customers were subscribing to a mobile and fixed offer (*Source: ARCEP*), while 71% of payTV subscriptions were coupled with broadband subscriptions.

The fiber optic/two-way cable networks are particularly adept at supplying triple play services which require wide bandwidth. Initially designed to transmit significant amounts of data, the hybrid fiber and coaxial cable network of the Group, which is based on FTTB technology, allows it to provide high speeds to the customer, regardless of distance. Conversely, the actual speed of the DSL networks varies according to the distance from the access point to the local loop, since the speed decreases as the geographic distance from the subscriber compared to this access point increases (the maximum speeds noted are for customers located within one kilometer of the nearest access point). In order to increase and align network speeds, Orange began to invest in the construction of an FTTH network. Iliad and the Group also began to roll out FTTH networks. As of September 30, 2019, approximately 6.4 million subscribers were connected to FTTH networks (*Source: ARCEP*).

6. Enterprise

Following the liberalization of the French telecommunications market in 1996, a large number of telecommunications operators penetrated the B2B segment, offering fixed telephony services, fixed- line internet access, data access links and, more recently, cloud computing services. The large corporate customer B2B market is very competitive and includes among its main players Orange, the Group, Bouygues Telecom, and Completel as well as international players. The market for other accounts is led by Orange, which competes with local players.

The expectations of B2B customers differ from those of B2C subscribers. B2B customers demand that services be extremely reliable, and that they be able to be quickly re-established in case of failures (generally subject to financial penalties). B2B customers also require symmetrical bandwidth speeds, even though B2C subscribers are generally satisfied with asymmetrical speeds which provide quicker download times but slower uploads. B2B customers also demand increased security and are able to impose penalties (monetary or other) on operators if the contractual conditions are not respected. These requirements have an impact on the technological solutions offered to B2B customers, and explain the higher prices for the B2B segment.

The penetration of mobile internet is increasing for the B2B market, specifically with more and more smartphones with a flat rate plan including data. In terms of fixed connectivity, the B2B market is now characterized by a growing penetration of fiber optics, which is linked to an increase in data consumption.

Customers' expectations are increasingly for convergent offers combining competitive services: fixed line telephony, which is increasingly converging with data via VoIP, mobile telephony and internet access (with an increasingly strong demand for very-high-speed access). These converging offers are specifically intended for micro-businesses and SMEs seeking all-in-one solutions.

They participate in the development of unified communications services for businesses and are characterized by the convergence of mobile and fixed-line telephony, and the development of collaborative tools (professional messaging service, instant messaging, video-conferencing, sharing tools).

Beyond business services, the operators with a presence on the B2B market offer adjacent and supplementary services, including unified communications services and collaboration tools, as well as call center services or internet presence management, and managed security services, whether hosted or not, which accompany internet protocol (IP) communications services and remote work (including online backup, firewall, management and protection of secure access terminals to resources located in a business network).

In terms of connectivity, the market features a growing penetration of fiber optics, which is linked to the increase in data consumption.

Voice

The B2B segment for voice call services is extremely sensitive to price trends; customers are well informed and contracts are relatively short-term (one year). Being able to face the competition efficiently depends in part on the density of the network, and certain competitors of the Group have a broader and denser network.

In recent years, the B2B market has experienced a structural change marked by a move from traditional switched voice services to VoIP services.

Data services

On the B2B segment, for data services, being able to transfer large amounts of data and to have access to the newest technologies is extremely important to customers. On the data market, consumption has significantly increased and, currently, customers are often looking for combined infrastructure and software solutions.

Price pressure has been strong in this competitive market. Conversely, the use of data transmission services has significantly increased. The Group is expecting the demand for data services and B2B bandwidth to continue growing, specifically due to the following factors:

the convergence between voice call and data services, such as VoIP, which leads to greater demand for solid network solutions;

an increase in the use of smartphones with a flat rate including data;

the centralization of IT equipment for businesses with operations at several sites, including combining servers at a single site, which increases the connectivity needs of peripheral sites of these businesses;

the emergence of new professional applications, such as videoconferencing;

the demand of larger businesses for quicker access, growing virtualization, data centers and improved security services;

the increase of digitalization in public administrations;

greater use by medium-size businesses of complex data services, such as cloud computing; and

professionals' increased use of internal wireless networks.

Customers are currently seeking to optimize and streamline their needs as much as possible through the use of data centers. Large corporations have a tendency to seek out specialized network solutions to control their chain of services end-to-end, and often have their own infrastructure. Other businesses are more apt to act according to their needs:

(i) with "infrastructure as a service" (or IaaS/cloud) solutions to meet their needs in terms of data availability, storage and security. "Infrastructure as a service" can now offer these businesses data storage and safety solutions which would otherwise be too costly; or

(ii) a tailored and secure infrastructure up to the "middleware" ("software as a service") level.

The Group is currently facing competition from software providers and other IT providers of data and network solutions, and the line between them and the suppliers of data infrastructure and solutions like the Group has become increasingly blurred. Partnerships between IT providers and infrastructure providers are becoming more and more common, and are an additional source of competition.

Particular growth is expected in data hosting outsourcing services. The complexity and growing management costs of IT systems are in effect pushing businesses to turn towards cloud solutions. This refers to a set of resources and services that are provided remotely, and which are thus accessible, for the user, in a flexible manner, on various terminals. Operators have already developed partnerships on "independent" cloud projects on French territory. This so-called "independent" cloud is intended for administrations, but also for private French businesses. It should allow sensitive information such as personal administrative data, information linked to e-health or even financial information requiring maximum security, to be stored.

The B2B market also includes the IoT. The IoT covers a set of connected objects: in the broad sense, this includes communication terminals, but also inert objects, equipped, for example, with RFID chips, and machines on which built-in electronic systems equipped with SIM cards have been installed (M2M). These connected objects and machines are being developed in a certain number of adjacent markets for uses in specific sectors, such as home automation, health and security, but also energy and transportation, which are at the heart of digital city projects. Accordingly, in France, the number of M2M SIM cards has gone from 3.4 million in late 2011 to 6.9 million in late 2013, to 20.3 million as of September 30, 2019 (*Source: ARCEP*).

Customers

The B2B segment is also defined by the different needs of customers, which vary according to a business' size. The major businesses are sophisticated customers, and are very sensitive to price trends. Speed, capacity, security and reliability are also very important. They have a tendency to unbundle services, and frequently subject them to invitations to bid. The smallest businesses are more likely to group them and ascribe more importance to the provider's proximity.

7. Wholesale market

The wholesale telecommunications market includes three sectors: voice call connectivity wholesale services (voice), data connectivity wholesale services and dark fiber infrastructure wholesale services. The Wholesale segment of voice services includes fixed-line and mobile call termination services, as well as interconnection for operators whose switched voice network is underdeveloped or non-existent. The wholesale data services segment includes the transportation of data for operators whose network is underdeveloped or non-existent, as well as mobile network services for MVNO operators. The new dark fiber optic infrastructure wholesale market, based on the sale of fiber optic connections, with no service linked to voice or data, is being developed in parallel with the roll-out of FTTH and 4G, and primarily involves horizontal optical fiber links and connection to the backbone. The Group's major competitor on the French wholesale communications market is Orange. The Group is likewise in competition with conglomerates of telecommunication operators and construction businesses, such as Covage, Altitude, Vinci, Eiffage and Axione (which can put optical fiber cables in their construction works in order to rent them on the wholesale market) as well as with public infrastructure networks.

In France, Orange holds a leading position on the wholesale telecommunications market and on the wholesale data market, in which local operators play an important role.

Voice. The wholesale market for voice call services is extremely volatile. Operators generally launch invitations to bid annually and choose the provider only according to availability and prices, due to the lack of difference in terms of quality of services between operators in the voice call services sector. Competition consequently primarily occurs for the prices and density of the network, as well as based on the flexibility of operators and their capacity to offer tailored solutions to their customers. On the wholesale voice segment, pricing is generally based on the increased cost pricing model, with interconnection rates established by ARCEP. The regulated interconnection rates have decreased as the telecommunications sector has matured. See "*Regulation—The European regulatory framework for Electronic Communication"*.

The wholesale voice market likewise includes wholesale resales for MVNOs and mobile roaming:

Wholesale resales for MVNOs: The provision of end-to-end mobile services for MVNOs is a major issue for operators, and the degree of competition for these services has intensified in recent years. The MVNO wholesale

market has evolved, especially after the signing of the first “Full MVNO” contracts in 2011. The status of “Full MVNO” allows virtual operators (for example, NRJ Mobile) to issue their own SIM cards, to have access to the central database managing subscribers’ rights, as well as to certain elements of the network backbone. This model offers MVNOs greater control of services and increased commercial autonomy, but also entails higher costs for them (roll-out, technical maintenance). Moreover, the MVNO agreements have affected the flows of traffic and have led to an increase in the volumes of fixed-line telephony traffic to mobile, which generates higher wholesale prices. In particular, Free’s arrival onto the mobile market in January 2012 has led to a significant increase in call volume from mobile to fixed lines, as well as intra- mobile.

Mobile roaming: In order to continue offering mobile communication services outside of their country of origin, operators also negotiate roaming agreements. The communication services within the European Union are subject to price caps on both the retail and wholesale markets. In France, mobile roaming services exist between national operators in so-called “white zone” geographical regions, in which a single operator has rolled out a network and takes in the traffic of other network operators. The roll-out of the mobile network as well as the welcome services related thereto are supervised by ARCEP.

Data services. The wholesale market for data services is less volatile than the voice call services market. Competition is primarily dependent, aside from price, on the quality of services and technological advances.

Infrastructure. The wholesale market for dark fiber optic infrastructure is more open than the voice connectivity and data wholesale markets, given that the provision of these services does not require having a dense national network, and does not include any service that would require technical expertise. For example, certain cities in France have constructed their own local fiber optic networks and are consequently wholesale providers of infrastructure (i.e., they rent the optical fiber to telecommunications operators).

The growth of the wholesale market is a result of the growth in the demand for network capacity, which has significantly increased in recent years.

Another French market trend consists of developing public-private partnerships between local authorities and infrastructure operators to install or modernize FTTB networks, or roll-out vertical FTTH/FTTO networks. The Group was already selected and hopes to be selected again in the future as the entity in charge of constructing certain new networks, or improving the existing ones.

Operators and consortia of operators and construction businesses have also begun to roll out their FTTH vertical fiber networks in residential buildings in order to rent the usage right from these networks to other telecommunications operators in conformity with the so-called status of building operators through public-private partnerships with local authorities, among other things. The Group intervenes in this area thanks to the relationships it has built from its public services activity, since this is one way of maintaining and building relationships with its customers.

BUSINESS OF THE GROUP

Overview

We are the second largest telecommunications operator and a leading alternative telecommunications operator in France by revenues and number of subscribers. We have major positions in all segments of the French telecommunications market, including residential fixed, residential mobile, business services, which includes B2B services, wholesale and other services and media, which includes media, content and advertisement services through our leading fiber/cable and mobile networks. As of September 30, 2019, we had approximately 15,668,000 residential mobile subscribers and approximately 6,312,000 total residential fixed unique customers. We generated revenues of €10,438 million and Adjusted EBITDA of €4,010 million for the twelve months ended September 30, 2019. See "*Summary Financial Information and Other Data—Adjusted EBITDA and Pro Forma Adjusted EBITDA*".

We currently offer residential fixed services under the SFR and Red brands. We also offer business services under the SFR Business brand. We believe we are the leader in terms of 4G mobile antennas in service in France, with 18,387 antennas and covering 98.7% of the population with 4G, as of September 30, 2019. The Group has a state-of-the-art fiber/cable infrastructure, consisting of 80,000 km of fiber optic cable and more than 165 metropolitan loops as of September 30, 2019, passing approximately 14,207,000 fiber/cable homes as of September 30, 2019, including fiber/cable homes passed by SFR FTTH, an associate in which we own a 50.01% interest (with the remaining held by the JV Consortium), which we believe is the largest alternative FTTH infrastructure wholesale operator in France.

We track the performance of our business and further analyze our revenues by activity, which, with effect from January 1, 2019, includes "residential – mobile," "residential – fixed," "business services," "equipment sales," and "media". See "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the Group—Basis of Presentation—Operational Activities*" for a discussion of the revised presentation of our operational activities.

Residential - Mobile

We are the second-largest operator of mobile telephony in France by number of subscribers, with approximately 15,668,000 residential mobile subscribers as of September 30, 2019. We believe that we are also the leader in terms of 4G mobile antennas in service in France with 18,387 antennas as of September 30, 2019. Due to our strong market position in the mobile telephony market, we are one of the primary convergence operators in France with an attractive "4P" offer (consisting of pay-TV products, broadband internet, fixed telephony and mobile services).

We accelerated the build-out of our 4G network over the last two years to have a market-leading mobile network (with a 4G population coverage of 98.7% as of September 30, 2019). We are already preparing for the introduction of the next generation of mobile telephony with 5G technology. After the first tests carried out in 2016 and 2017 and further tests scheduled in different cities in France in 2019, we, with one of our partners, Nokia, were the first in France to make a 5G New Radio connection using the 3.5 GHz frequency band in 2018.

In December 2018, we completed the Towers Transaction through which we monetized the value of our passive mobile infrastructure assets. Hivory, the newly incorporated tower company in which we own a 50.01% interest, is a high-quality telecommunications infrastructure provider with a nationwide presence. It is the largest independent telecommunications tower company in France and the third largest European tower company, benefiting from more than 10,000 strategically located sites with a diversified portfolio of ground-based towers and rooftops. Through Hivory, we and our joint venture partner, KKR, seek to proactively partner with third party mobile operators to develop their coverage and densification objectives, including through the build-to-suit of 1,200 new sites within the next three years. See "*Business of the Group—Material Contracts—Hivory*" for more information.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our mobile residential activity (excluding equipment) generated €2,610 million and €2,637 million of revenue, respectively.

Residential - Fixed

As of September 30, 2019, we had approximately 6,312,000 total residential fixed unique customers and our fiber/cable network passed approximately 14,207,000 homes. Over the past four years, we have increased our fiber/cable deployment and upgraded a substantial part of our fiber/cable networks. For example, as of September 30, 2019, our fiber/cable networks are largely DOCSIS 3.0 enabled, which allows us to offer customers high broadband internet access speeds and better HDTV services across our footprint. We believe that we are also France's leading fiber/cable provider, with approximately 14,207,000 fiber/cable homes passed as of September 30, 2019, including fiber/cable homes passed by SFR FTTH. We intend to continue the expansion of our fiber network in France through engagement with local communities and government and capitalize on our past investments in improved fiber/cable infrastructure. Moreover, SFR FTTH plans to expand its network in low density areas by approximately 5 million homes expected to be passed in the next three years in addition to any others that may be franchised or acquired. Moreover, the combination of Covage and SFR FTTH will create a substantial FTTH wholesale provider in Europe. We are able to upsell our existing DSL subscribers with fiber/cable broadband offers due to the overlapping fiber/cable and DSL networks and, moreover, the natural churn rate of broadband subscribers draws existing DSL subscribers to our cable and fiber products. This shift of subscribers from DSL has allowed, and is expected to continue to allow, us to reallocate investment expenses previously earmarked for DSL infrastructure to accelerating the rollout of our fiber/cable network.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our residential fixed activity generated €1,903 million and €1,869 million of revenue, respectively.

Business Services

In the business services market, we benefit from our extensive combined fiber/cable and DSL network and strong customer relationships and the ability to respond to the growing demand of medium-sized businesses for increasingly sophisticated voice and data services. We offer data services, including IP VPN services (virtual private network on IP), LAN to LAN (local network), internet, security services, hosting and "cloud computing" and voice services, in particular voice call services, VoIP and Centrex.

We are the largest national alternative wholesale services player to the incumbent provider by revenues and number of subscribers. We offer a broad portfolio of wholesale products across the entire spectrum of the wholesale market including wholesale connectivity services for fixed-line and mobile voice calls, wholesale connectivity services for data, wholesale fiber infrastructure services as well as triple-play DSL white label packages and very-high-speed offers to a significant base of local, virtual, national and international operators. In addition, Hivory plans to utilize its passive mobile infrastructure to provide hosting, site development and ancillary services to operators in France, including the Group.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our business services activity generated €2,103 million and €2,347 million of revenue, respectively.

Equipment Sales

Our equipment sales relate to revenue derived from sales of equipment to residential and business services customers. This revenue segment was created in order to comply with the presentation requirements of IFRS 15, 'contracts with customers'. We have relationships with the industry's significant mobile and customer services equipment providers, and are able to offer customers with top-of-the-market mobile and fixed equipment.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our equipment sales activity generated €615 million and €637 million of revenue, respectively.

Media

In furtherance of our convergence strategy, we are focused on delivering high quality content offerings to complement our fixed and mobile services, including producing proprietary content. This strategy is evidenced by our investments in French businesses NextRadioTV, through which the Group produces high quality television channels such as BFM TV and RMC Sport, and SFR Presse, through which we offer various proprietary publications such as *Libération*.

In addition, we are focused on supplementing our own content offerings with premium content produced by third parties, including high quality local content and exclusive premium content. Altice Europe has acquired the rights to broadcast and/or distribute various premium sporting events, including the French Athletics Federation, English Premier League (through an agreement with Canal+), French Basketball League, English Rugby Premiership, UEFA Champions League and UEFA Europe League, which are commercialized in France via exclusive SFR branded channels pursuant to a distribution agreement entered into with AENS, a subsidiary of Altice TV. We also launched a single brand in July 2018 for all of our sports content: RMC Sport Access, which replaced the SFR Sport channel. At the end of 2016, Altice Europe and the Group also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights and further expansion of our premium content offerings in France. In April 2017, we announced the launch of MY Cuisine, an international cookery channel broadcast exclusively by us in France, which also comprises a print magazine, mobile application and a recipe blog.

We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich our differentiated and convergent communication services from those of our competitors.

In the nine months ended September 30, 2018 and the nine months ended September 30, 2019, our media activity (which comprises revenues generated by the proprietary content produced us, as described above) generated €329 million and €321 million of revenue, respectively.

Description of the Group's Operations

Residential Market

Overview and key figures

The Group believes it is the leading alternative telecommunications operator in France in the residential market. As of September 30, 2019, the Group had approximately 15,668,000 residential mobile subscribers and approximately 6,312,000 total residential fixed unique customers. With more than approximately 2,760,000 fiber/cable unique customers, the Group believes it is a leader in the very-high-speed fixed broadband segment in France.

The table below details the Group's key operating data as of December 31, 2016, 2017 and 2018 and as of September 30, 2018 and 2019, respectively.

	As of and for the year ended December 31,			As of and for the nine months ended September 30,	
	2016	**2017**	**2018**	**2018[4]**	**2019[4]**
	(in thousand)				
Fiber/cable homes passed[1]	9,316	10,951	12,295	12,037	14,207
Fixed B2C					
Fiber/cable unique customers[2]	2,038	2,231	2,515	2,506	2,760
Fiber/cable customer net adds	209	193	284	216	186
Total fixed B2C unique customers	6,113	5,943	6,129	6,161	6,312
Total fixed B2C customer net adds	(254)	(171)	186	136	101
Mobile B2C					
Postpaid subscribers	12,327	12,535	13,530	13,555	14,205
Postpaid net adds	(267)	199	1,022	856	456
Prepaid subscribers	2,288	1,842	1,534	1,602	1,464
Total mobile B2C subscribers[3]	14,615	14,351	15,064	15,157	15,668

(1) Includes fiber/cable homes now passed by SFR FTTH. See "*Business of the Group—SFR FTTH*".

(2) Fiber/cable unique customers represents the number of individual end users who have subscribed for one or more of the Company's fiber/cable based services (including pay television, broadband or telephony), without regard to the number of services to which the end user subscribed. It is calculated on a unique premises basis. The total number of fiber/cable customers does not include subscribers to either the Company's mobile or ISP services. Fiber/cable customers for France excludes white-label wholesale subscribers.

(3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Company's mobile networks.

(4) Includes the operating data in relation to the FOT Business.

Brand policy

In 2019, the Group streamlined its brand portfolio by focusing on two brands: SFR for the premium offers (with services and multichannel propositions) and Red for digital offers.

A strategy focused on very high-speed broadband/wireless and high-quality content

The Group's ambition is to offer its subscribers a better content "consumption" experience at all times, in all places and from all terminals. This is reflected in the Group's ambitious policy of investment in access networks. The Group increased the number of homes passed by fiber/cable (including fiber/cable homes now passed by SFR FTTH, an associate in which the Group owns a 50.01% interest, which we believe to be the largest alternative FTTH infrastructure wholesale operator in France) to approximately 14,207,000 as of September 30, 2019, and intends to continue the expansion of its fiber/cable network in France and capitalize its past investments in improved fiber/cable infrastructure.

The Group is also investing heavily in the development of its very-high-speed mobile network. 2017 and 2018 were years marked by significant deployments for the Group, which positions itself as the leader in opening 4G sites. The Group has expanded its 4G network coverage to approximately 98.7% of the French population as of September 30, 2019. The Group believes it is also the leader in terms of 4G mobile antennas in service in France with 18,387 antennas as of September 30, 2019.

This ambition is also driven by product innovation. In late 2015, the Group launched a new "all-in-one" box with innovative functions and advanced usages, at the heart of the home ("**LaBox**"). LaBox is notably equipped with a fiber 1 GB/s modem, a TV 4K/UHD set-top box, a 500 GB hard disk for recording and live-broadcast control, as well as 802.11ac Wifi. Alongside the launch, the Group also unveiled a new simple and ergonomic interface designed to offer the best multi-screen TV viewing experience and meet the needs of its subscribers' families as well as a new version of the SFR TV application, which offers continuity at home and when on the move. In 2016 and 2017, product innovation continued with the launch of several new pieces of equipment, including a new DSL and FTTH modem offering the latest generation of Wifi. In August 2019, the Group launched the SFR Box 8, integrated with the latest version of WiFi, providing enhanced image and sound (4K HDR, Dolby Vision, Dolby Atmos) and a vocal assistant, "OK SFR", to control the box.

SFR is proactively developing a policy of enriching the content offered to its customers. In 2018, the Group launched various content options, some of which (SFR Presse, RMC Sport, SFR Ciné séries) are available at a reduced price for SFR broadband and wireless customers.

SFR Presse offers an attractive offer of diversified magazines and newspapers, unlimited and digital, accessible both online and offline.

BFM offers access to high quality live news and streaming including all BFM channels (such as BFM Business and BFM Paris), a news sports channel with RMC Sport News and international news with i24 channels in three languages.

RMC Sport, a collection of five exclusive sports channels, offers the largest sporting events (UEFA Champions League, UEFA Europa League, English Premier League, Premiership rugby, Portuguese Liga, French basketball, combat sports, extreme sports and others). The Group retains exclusive rights to broadcast and distribute premium sports events, including the French Athletics Federation, French Basketball League, European basketball cup, English Rugby Premiership and the UEFA Champions League and UEFA Europa League (from 2018 to 2021). In 2019, the Group obtained non-exclusive broadcast rights to the English Premier League through an agreement between Altice TV and Canal+.

SFR Ciné/séries offers a set of regularly enriched premium content, including a Subscription Video On Demand ("**SVOD**") service and premium channels (Altice Studio, TCM Cinéma, Paramount Channel, Sundance TV). SFR Ciné/séries includes an extensive array of HD channels as well as one of the largest SVOD catalog in the market, with around 5,000 programs available, and an extensive catalog of HD and 4K/UHD contents. The SVOD service includes exclusive and/or unabridged TV series (such as "Tin Star" or Medici: Masters of Florence"), cinema

(with more than 1000 films), youth and family content. SFR Ciné/series is one of the leading French SVOD platforms.

The Group also offers a set of over 500 channels and TV services (including more than 100 in HD and more than 60 in replay, some exclusive). Since 2017, the Group became the exclusive broadcaster in France of four Discovery channels (Discovery Channel, Discovery Science, Discovery Investigation and Discovery Family), three entertainment channels, series and NBCU cinema (13th Street, Syfy, E!) and Altice Studio, a series and cinema channel created and launched by the Group in 2017. In addition, the Group will be able to offer films produced by NBCUniversal, including any next instalments of its popular blockbusters such as "Skyscraper", "Mamma Mia" and "American Nightmare 4" as well as Paramount Pictures. The Group also offers MY Cuisine, an international cookery channel broadcast exclusively by the Group in France which also comprises a mobile application and a recipe blog.

Fixed-based residential activity

Overview

The Group, through its various brands and products, offers a number of fixed-line telecommunications services. These are mainly available via fixed-line broadband or very-high-speed broadband internet and its subscriber premises equipment (i.e. a modem and/or set-top box). The Group's services, in addition to unlimited broadband and very-high-speed broadband internet, include fixed telephony, IP television and access to video content. The Group's fixed services are generally offered in double-, triple- or quadruple-play bundles over different access technologies (ADSL, VDSL, FTTB and FTTH) depending on particular offers and customer eligibility. The broadband speed offered to subscribers varies according to their access technology and can reach up to 1 GB/s.

As of September 30, 2019, all or part of the Group's residential fixed services were marketed under two brands: SFR and Red. As of September 30, 2019, the Group had approximately 6,312,000 total residential fixed unique customers for its fixed-line broadband in France and very-high-speed broadband offers. The offers below represent fixed offers provided by the Group as of September 30, 2019.

SFR brand offers

(a) Internet and telephony bundled offers ("double-play")

The Group offers broadband internet services (ADSL, VDSL or FTTx depending on subscribers' eligibility) as part of double-play bundled offers which also include unlimited telephony services to fixed lines in metropolitan France, the French Overseas Territories and to more than 100 international destinations. These offers can be upgraded with unlimited telephony options to mobile lines and to other international destinations.

The "4G Box" is reserved for homes that have low ADSL speeds but good 4G coverage. The SFR Box 4G includes 200 GB of internet fair use and up to 220Mbit/s and also includes unlimited telephony services to fixed lines in metropolitan France.

(b) Internet, telephony and IP television bundled offers ("triple-play")

Triple-play offers comprise the double-play services above and an IP television service. The Group offers three ranges of triple-play offers: Fiber, Fiber Power and Fiber Premium.

These offers notably include broadband internet (ADSL, VDSL, FTTB fiber technology with coaxial termination or FTTH fiber optic technology, depending on eligibility), from 10 GB to 1 TB of "SFR Cloud" storage, unlimited calls to fixed lines and, in the case of the Power and Premium offers, mobile calls in France and more than 100 destinations, unlimited calls to cell phones in France, North America and China, as well as access to "SFR TV" packages, including approximately 160 channels and services under the Starter offers, approximately 200 under the Power offers and the Premium offer, of which over 120 are accessible in multi-screen option with the SFR TV application.

The set-top box that accompanies such offers also provides access to several add-on services, such as catch-up television, program guide and VOD rental store.

Customers can also subscribe to pay-TV options including over 500 additional channels, optional TV Passes (Découverte, Jeunesse, Cinéma, BeIn Sports, OCS, Canal+, RMC Sport), and ethnic programming packages. The Netflix SVOD service is available for triple-play customers. The SFR Fiber set-top box includes native Netflix and YouTube apps. The Group (through SFR) announced a partnership with Amazon Prime Video that will enable our SFR customers to view the Amazon Originals.

(d) "Home by SFR" offer

The Group offers two products as part of its "Home by SFR" range, an automation and home surveillance service: the "Video Alarm Package" and the "Premium Video Alarm Package". The Video Alarm Package includes a management center for connected equipment, a wide-angle camera, an internal siren, a smoke detector, an opening detector and a remote control. The "Premium Video Alarm Package" includes the equipment mentioned earlier, a control keyboard, a 3G key, two motion sensors and 24/7 Europe Assistance support. The camera may be managed remotely from a computer or the Home by SFR application. "Home by SFR" customers can also purchase a set of additional accessories, as well as a "Heating Energy Pack", allowing intelligent, remote control heating management and usage monitoring. In November 2019, SFR launched a new smart-home option for connected houses with a video camera, a connected plug and a connected light, which can be managed and monitored by a mobile app or by voice control through the SFR Box 8.

(e) Convergent fixed-line/mobile offers ("4P")

To meet customer household needs, the Group offers the opportunity to combine fixed and mobile plans. These offers are provided at attractive rates through "Multi-Pack" discounts per mobile line.

In 2016, the Group launched SFR FAMiLY!, an innovative product designed for the family. SFR FAMiLY! allows customers to share their storage (from 10 GB up to 100 GB according to each customer's needs) and contents with family members. The owner of the line can easily manage and control, via an application, children's usage and Internet browsing.

These convergent offers are based on the Group's broadband price plans, and notably include broadband internet (ADSL, VDSL, FTTB fiber technology with coaxial termination or FTTH fiber optic technology, depending on eligibility), from 10 GB to 1 TB of "SFR Cloud" storage, unlimited calls to fixed lines and, in the case of the Power and Premium offers, mobile calls in France and more than 100 destinations, unlimited calls to cell phones in France, North America and China, as well as access to "SFR TV" packages, including approximately 160 channels and services under the Starter offers, approximately 200 under the Power offers and approximately 210 under the Premium offer, of which over 130 are accessible in multi-screen option with the SFR TV application.

The set-top box that accompanies such offers also provides access to several add-on services, such as catch-up television, program guide, SVOD offers, VOD rental store and cloud gaming.

Red brand offers

Red by SFR has been marketing an internet access offer, 'Red Box', that provides a premium fiber offer up to 200 Mbps or a standard ADSL/VDSL offer. These offers provide access to the Group's fixed-line very-high-speed broadband, DSL or FTTx (if eligible) networks, unlimited calls to fixed lines in metropolitan France and to more than 100 destinations in the world. A number of other optional services are available for extra monthly fees, including a standard TV option providing access to approximately 35 channels and a catalog of pay-TV and VoD options, via a TV set-top box or a premium TV option providing access to approximately 100 channels and a catalog of pay-TV and VoD options.

Mobile residential activity

Overview

The Group serves the entire French mobile market through its pre-paid and post-paid offers. Post-paid offers account for the bulk of the Group's mobile activity, with approximately 14,205,000 post-paid subscribers, or 91% of its mobile subscriber base, as of September 30, 2019. In the post-paid market, the Group offers a full range of voice and data solutions through its brands SFR and Red, covering all of the market's requirements. These offers are provided with or without commitment or a subsidized handset, and with premium or no-frills services. The offers below represent mobile offers provided by the Group as of September 30, 2019.

SFR brand offers

(a) Post-paid premium offers—4G packages

The SFR brand offers four premium, post-paid, 4G mobile telephony packages with rates ranging from the price plan package of 2H+100 Mb, which includes a 12-month commitment to the premium '100GO' offer, which includes calls to and from international locations, a subsidized handset and a 24-month commitment). All of the Group's offers include the option of a subsidized handset (excluding 2H price plan), unlimited SMS and MMS and come with a variable volume of voice and internet data according to the selected package. Subscribers to these packages have access to the Group's very-high-speed broadband internet network (3G and/or 4G/4G+).

At entry level, the Group offers two price plan packages, which are offered inclusive of calls within France ranging from 2 hours to unlimited usage and from 100MB to 5GB of mobile internet data in France per month. For more advanced needs, two packages are offered: Power 60GB, Power 100GB. These packages include unlimited calls in France and French Overseas Territories, from 60 GB to 100GB mobile internet, SFR Cloud (100 GB of storage), and access to SFR TV. All of these packages also offer varying voice and data usage from abroad, the extent of which depending on the package.

Customers can also choose one or several content options, including RMC Sport, SFR Presse, SFR Ciné-Séries and Napster. With respect to the broadband offer, Group customers benefit from a special price for these content options. Subscribers to the Group's 4G packages are eligible to receive multi-pack discounts if they also subscribe to a box offer and if they are also eligible for the FAMiLY! offer.

These offers are available across all of the Group's SFR brand's distribution channels.

(b) Remote access offers—"*Connecté Partout*" ("Connected Everywhere")

We recently launched a one price "pay as you go" offer under which customers are charged 3€ per day for only the time during which the services are used. For subscribers that wish to buy a set-top box or tablets to accompany these offers, the Group offers one "Box de Poche 4G" and tablets. For occasional users, pre-paid "ready to surf" top-up kits are available, offering data between 300 Mb and 8 GB depending on the customer's needs.

(c) "SFR La Carte" pre-paid offers

Pre-paid packages are offered under the "*SFR La Carte*" brand. After a SIM card is purchased it can then be topped up by vocal server, internet, purchasing coupons or tickets at physical points of sale (for example, tobacco shops, newsagents, SFR spaces and certain major food retailers) or through ATMs of certain banks that are partners of the Group. Several pre-paid top-up ranges are available to subscribers, offering voice, SMS, MMS, international calls and data packages.

Other available products also include mobile+ SIM card packs or tourist kits (SIM card with adapted content included).

Presentation of the Red brand offers

Commitment-free and handset-free post-paid packages are offered under the Red brand. Red by SFR brand offers a single package with 60Go, unlimited calls in France, Europe and French Overseas Territories with 8Go in Europe and French Overseas Territories and SFR Cloud (100 GB of storage). An easy to use configurator enables to upgrade the data of initial package to 100Go or the international data to 15Go (with additional countries), for a monthly fee. These offers are available upon subscription mainly via the website redbysfr.fr, with the lines also being managed online via the same website. Subscribers with Red packages have access to the same network technologies as subscribers with SFR mobile offerings. However, Red subscribers do not enjoy services linked to SFR mobile offerings and are not eligible for multi-pack discounts.

Network

With the largest fiber/cable network in France, passing approximately 14,207,000 homes (including fiber/cable homes now passed by SFR FTTH) and extending over more than 3,800 municipalities as of September 30, 2019, and a leading mobile network, the Group aims to become the national leader in the convergence of very-high-speed fixed-line and mobile technologies. The Group's ability to provide new or enhanced fixed-based services,

including HDTV and VoD television services, broadband internet network access at increasing speeds and fixed-line telephony services as well as UMTS, 3G and 4G mobile services to additional subscribers depends in part on its ability to upgrade its (i) cable and DSL networks by extending the fiber portion of its network, reducing the number of nodes per home passed and upgrading technical components of its network and (ii) mobile networks by building-out its UMTS-network and investing in LTE as well as maintaining agreements with third parties to share mobile networks.

In the area of very-high-speed broadband, the Group intends to maintain its competitive edge and contribute to the success of the French government's very-high-speed internet plan through significant investments into its very-high-speed network and aims to expand its fiber coverage to 22 million homes by 2022. As a result of this investment, the Group intends to continue to lead the market and support residential and business subscribers' migration from ADSL to fiber technologies. Over the last four years, the Group has increased its fiber deployment and upgraded a substantial part of its cable networks. As of September 30, 2019, the Group's cable networks are largely DOCSIS 3.0 enabled, which allows it to offer its customers high broadband internet access speeds and better HDTV services across the Group's footprint.

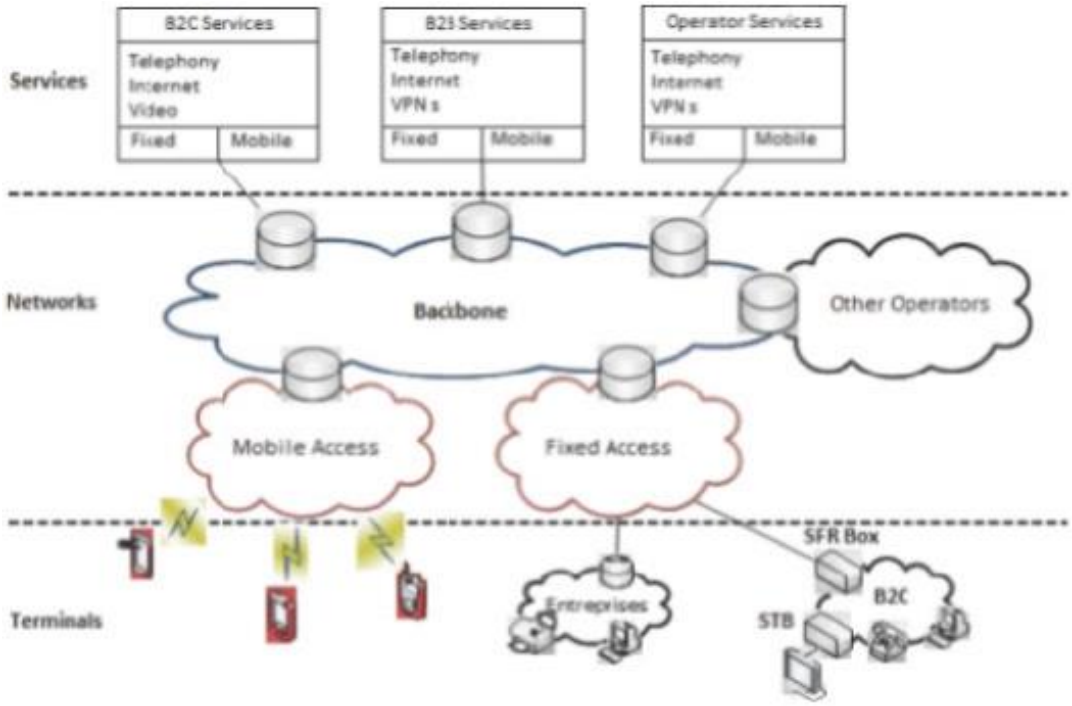
The Group aims to deliver quality experience in broadband and high-speed broadband to all its subscribers both for fixed-line and mobile services. As a result, the Group is investing in its own network infrastructure in order to be able to develop quality, innovative and convergent services while reducing its costs. The Group's networks not only allow the transmission of both fixed-line and mobile voice and data traffic across France, but they are also interconnected to the networks of the rest of the world due to the Group's interconnection arrangements or through transiting carriers.

The Group intends to continue investing in cutting-edge technologies that make it possible to anticipate market changes and meet future traffic needs. For example, on May 16, 2018, the Group acquired 100% of the share capital of ATS France from Altice International, a subsidiary of Altice Europe. See "*Certain Relationships and Related Party Transactions*" for more information. ATS France provided services and equipment relating to the deployment, maintenance and modernization of the Group's telecommunications networks.

Overview of architecture of a telecommunications network

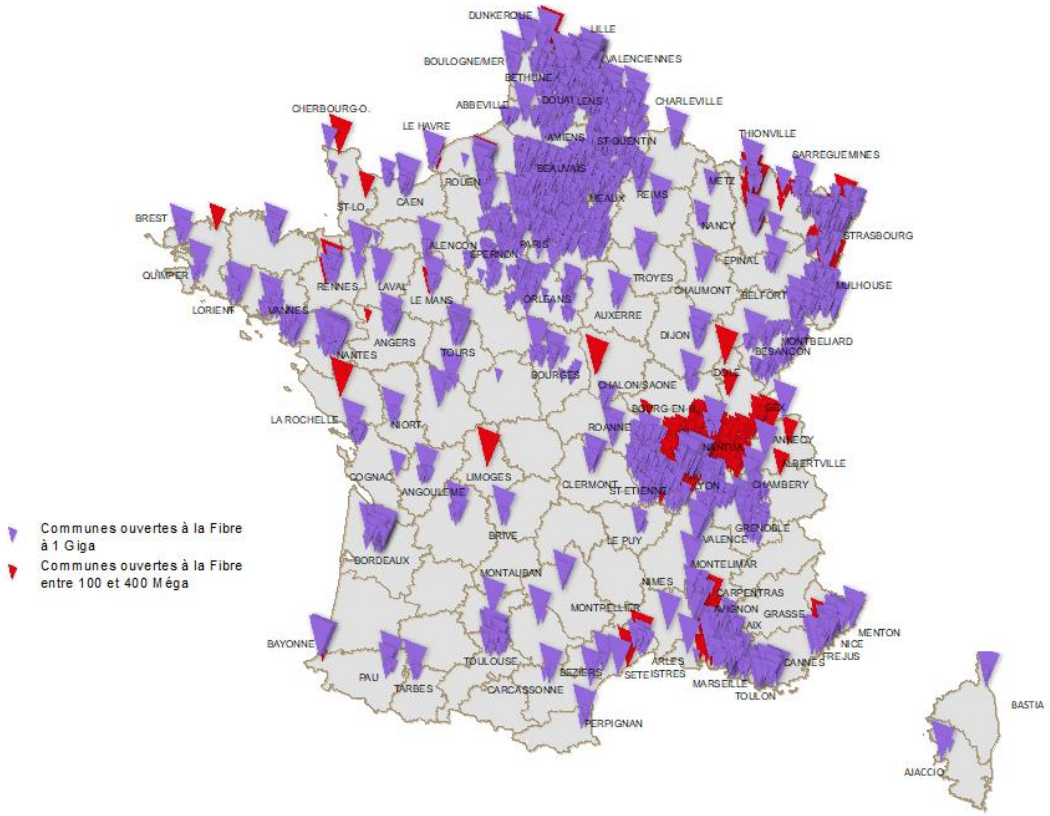
The pace of technological development and evolution in the telecommunications sector is intense and will continue to intensify in the face of rapid changes in consumer internet usage, both through fixed-line and mobile mediums. As a result, the Group has sought to streamline its networks over the past several years.

Overview of the Group's network



Fixed-line network

Fiber coverage as of September 30, 2019



Very-high-speed internet

With regards to very-high-speed internet, the Group is rolling out fiber in all existing technologies (FTTB and FTTH), with the goal of delivering the best quality very-high-speed internet to its subscribers. The Group is actively committed to the success of the French government's very-high-speed internet plan. With its fiber optic network, the Group provides its subscribers with bit rates of up to 1 GB/s with the SFR Box 8.

The Group owns its network infrastructure, headends, access nodes and other parts of its access network, including the long-distance backbone (see "—*Backbone*", below). The technical installations in which the cables of the Group's network are installed (e.g. pylons) are owned by the Group or Orange (to which the Group has access by means of long-term indefeasible rights of use ("**IRUs**")). Several telecommunications operators can occupy or use the same technical installation or even the same telecommunications equipment, without affecting the quality of the service provided to end subscribers. As of September 30, 2019, the Group had the largest fiber/cable network in France with approximately 14,207,000 homes passed eligible for fiber/cable. The Group's fiber/cable services are already marketed in more than 3,800 municipalities across France and in the nine months ended September 30, 2019, more than 1,200 municipalities were made eligible for access to the Group's fiber/cable network.

*Fiber to the building ("**FTTB**")*

With technical performance levels comparable to those of other FTTx technologies, FTTB is the most widespread technology in the world (including in the United States, Germany, Belgium, the Netherlands and other countries).

FTTB seeks to bring fiber optic as close to housing units as possible and to rely on the existing coaxial cable within buildings to connect the end subscriber to the fiber network. FTTB offers two key benefits: first, it allows for a simplified connection of subscribers and therefore a faster deployment of fiber in France, and secondly it offers a TV service quality recognized to be superior to all other available technologies.

*Fiber to the home ("**FTTH**")*

Since 2007, the Group has also been deploying its own subscriber connection links by means of FTTH fiber technology, which enables the delivery of bit rates of up to 1 GB/s with the SFR Box 8. The Group's FTTH technology relies on a network of 600 optical nodes from which the final links depart to connect its private and

business customers in optical fiber. FTTH technology presents a significant technical opportunity given that, as with FTTB, network speed is not technically limited by distances to network connection nodes, unlike other technologies such as VDSL where actual speed decreases as the distance between network connection nodes and the end-user increases.

A pragmatic approach to promote deployment

In order to meet the growing needs of users, the Group is taking a pragmatic approach to the deployment of its very-high-speed broadband offers. In both very densely populated areas itself, and in less densely populated areas by private partnership, the Group is continuing its fiber deployment where it is the leading operator and it continues to co-invest with Orange in areas where Orange is responsible for deployment. The Group also continues to deploy its very-high-speed network in less densely populated areas as part of public initiative networks with local authorities. Since 2018, the Group was chosen by the Departements of Corse, Gard, Pyrénées Atlantique and Tarn to operate the new Public Initiative Networks that will allow approximately 800,000 households to be connected to the Group's fiber network. The acceleration of the Group's fiber deployment in France, notably expanding FTTH coverage in low-density and rural areas, should support better fiber subscriber trends as the addressable market for very high-speed broadband services expands.

DSL

In providing its DSL fixed-line broadband services, the Group relies on a DSL network of more than 7,000 unbundled main distribution frames ("**MDFs**") as of September 30, 2019. While the Group benefits from what has historically been very good DSL technology coverage, the Group also possesses the French market's largest fiber optic network and, as a result, is looking to support the migration of subscribers from ADSL to fiber optic technologies in order to meet the gradual increase in residential and business subscribers' internet usage.

Mobile network

The Group's mobile access network has more than 15,000 radio sites (excluding mobile network sharing) as of September 30, 2019, each comprising a transmitter/receiver (the base station), transmission equipment and environment infrastructure (for example, pylons, technical rooms, energy workshops and antennas). These radio sites are relayed to the fiber optic backbone through fiber optic connections or radio connections owned either by the Group or through the network links we lease from Orange.

The Group has made investments in mobile frequencies from different mobile spectrum auctions organized by the French regulatory authorities. As a result, the Group has a diversified portfolio of frequencies (which support 2G, 3G and 4G technologies) and a spectrum allocation that covers its current and future mobile network requirements.

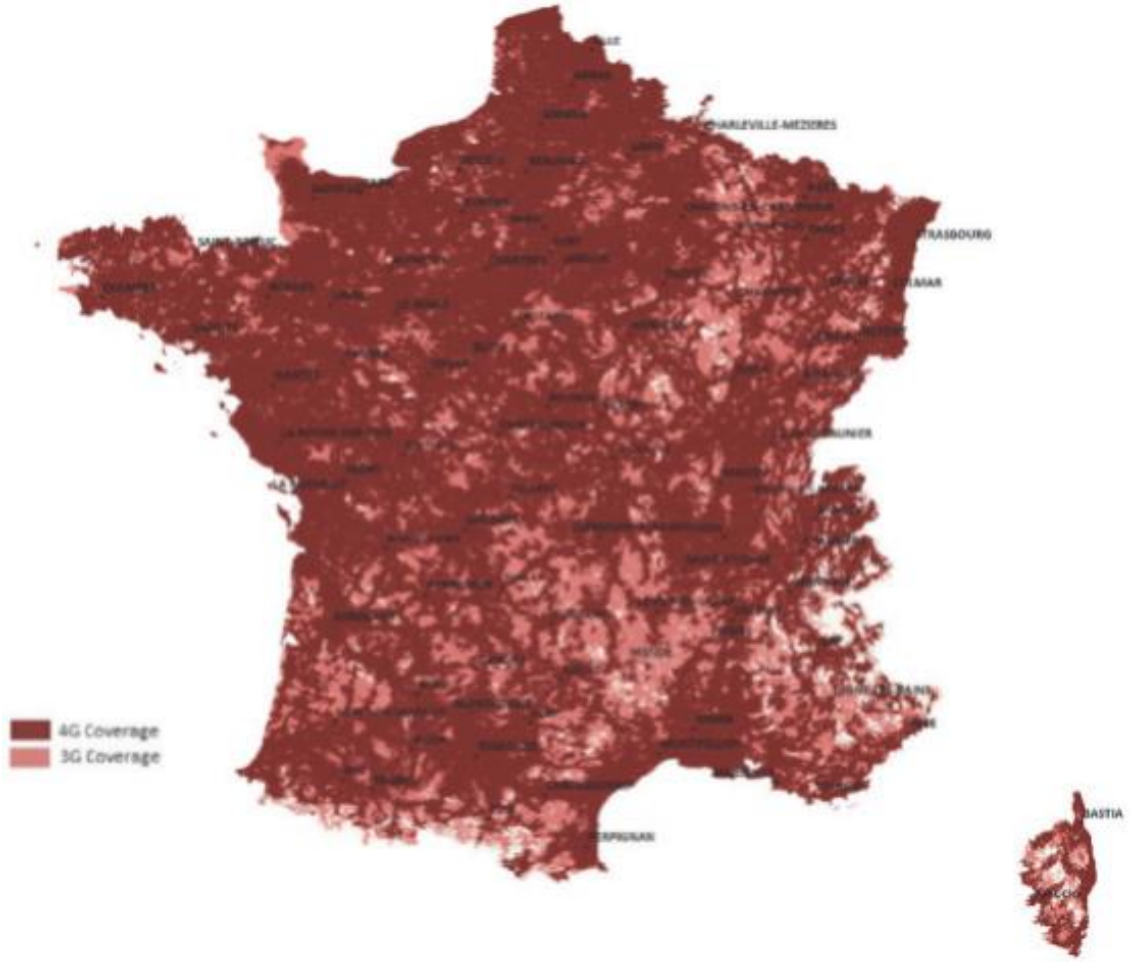
Following the spectrum auction organized by ARCEP in 2015 for the allocation of frequencies in the 700 MHz band, the Group expanded its spectrum portfolio with a new 5 MHz block. The Group's low frequency portfolio now comprises 25 MHz in total, broken down into 5 MHz in the 700 MHz band, 10 MHz in the 800 MHz band and 10 MHz in the 900 MHz band. Together with the 55 MHz the Group owns in high frequencies, the Group's total portfolio now has 80 MHz (after the refarming of the 1800 MHz band), making it one of the most advanced portfolios on the market. The Group thus believes it will be able to meet subscribers' coverage and performance needs, in particular in less densely populated areas, with respect to mobile internet and increasing data usage over the coming years.

Mobile coverage

As a result of significant deployments of its radio sites, the Group aims to cover all mobile connectivity needs in mainland France. As of September 30, 2019, the mobile network of the Group covered 99.8% of the French population in GSM/GPRS (2G) and 99.9% of the population on the UMTS/HSPA (3G/3G+) network.

As of September 30, 2019, the Group has access to a 4G network accessible to approximately 98.7% of the population of mainland France and was the first operator to launch 4G technology in France. The year 2018 was marked by a rapid pace of deployment. This significant deployment allowed the Group to increase its 4G coverage by 4% in 2018 and to cover approximately 98.7% of the population as of September 30, 2019. The Group conducted numerous tests in 2016 and 2017 and further tests are scheduled in different cities in France throughout 2019.

With a view to increasing download speeds, making internet browsing more enjoyable and improving its service quality, the Group is also deploying 4G+ up to 1 Gb/s. Considered to be an updated version of 4G, 4G+ is able to deliver download rates of a maximum theoretical bit rates of 1 Gb/s due to the aggregation of 800 MHz, 1800 MHz, 2100 MHz and 2600 MHz frequencies and MIMO 4x4 technology. 4G+ technology makes it possible to speed up downloads and facilitates the sharing and viewing of HD content on the go. In 2018 and 2019, the Group has continued to expand its 4G/4G+ network and covers approximately 98.7% of the population in 4G/4G+ as of September 30, 2019.



4G deployment

Systematic deployment of Single-RAN technology

The Group's mobile network consists in total of more than 15,000 radio sites (excluding mobile network sharing), equipped with one or more items of transmission/reception equipment (base station), each dedicated to a single technology (2G or 3G) or latest generation equipment ("**Single-RAN**"), which enables 2G, 3G and 4G technology to be managed by means of a single item of equipment.

The Group uses the deployment of 4G technology as an opportunity to systematically replace its older antennas with Single-RAN technology, enabling its subscribers to benefit from a high-quality, very-high-speed network, while also making the most of the technical and financial benefits of Single-RAN technology.

Single-RAN technology provides certain technical advantages. First, it enjoys higher performance, both in terms of quality of mobile voice and capacity, due to its ability to use optimal technology (3G/4G) and frequencies (specifically 900MHz). The effectiveness and reliability of its connectivity are also optimized due to the use of unique transmission technology. Secondly, it facilitates technological evolution (such as the introduction of 3G

900 or 4G 1800 for example), due to a simple software development which require no intervention with or amendment to the physical technology components.

The use of the Single-RAN technology also provides certain economic benefits, particularly due to the reduced amount of equipment necessary in the Group's mobile network. As a result, the deployment of Single-RAN technology reduces the amount of mobile network sites required in the Group's mobile network, reducing the need for investment, and maintenance work on the Group's network, generating operating savings, whilst at the same time facilitating technological evolution.

Finally, Single-RAN technology also improves customer experiences due to the increases in coverage and availability it delivers and the increased capacity over all frequencies and mobile technologies (2G, 3G and 4G).

Mobile network transformation program

In 2014, the Group launched a large-scale program to upgrade 2G, 3G and 4G technologies. This program is part of a development phase that is crucial to ensuring that the Group, in the future, has a quality mobile network.

Transforming the Group's mobile network and doing everything possible to offer customers an optimal, and high-quality standard of service is one of the Group's key priorities. The transformation of its network requires that it replaces its 2G and 3G equipment with next generation equipment, deploy 4G and re-allocate a portion of its 900 MHz frequencies to 3G, so as to offer better mobile internet coverage within buildings.

The transformation program will significantly increase the capacity of the Group's 2G and 3G networks, improve coverage and service quality, allow it to deploy 4G in 800 MHz, 1800 MHz, 2100 MHz and 2600 MHz, and to re-deploy our 900 MHz spectrum in 3G for optimal coverage within buildings.

Mobile networks sharing agreement

The Group and Bouygues Telecom entered into an agreement on January 31, 2014, whereby they agreed to pool part of their wireless networks. The goal of this agreement is to allow Bouygues Telecom and the Group to offer customers better geographic coverage and service quality, while optimizing costs and investments. The agreement calls for the roll-out of a new shared network in an area corresponding to 57% of the population of France (encompassing the entire territory, other than the 32 largest population centers described above and so-called "white spots"). The first roll-outs of the RAN sharing coverage were in September 2015, and the target network was completed with 11,860 sites rolled out jointly by the Group and Bouygues Telecom by September 30, 2019. See "*—Material Contracts—Wireless Network Agreements—Bouygues Telecom Agreement*" for more information.

Towers

In December 2018, the Group completed the Towers Transaction through which it monetized the value of its passive mobile infrastructure assets. Hivory, the newly incorporated tower company in which the Group owns a 50.01% interest, is a high-quality telecommunications infrastructure provider with a nationwide presence. It is the largest independent telecommunications tower company in France, benefiting from more than 10,000 strategically located sites with a diversified portfolio of ground-based towers and rooftops. Through Hivory, the Group and its joint venture partner KKR seek to proactively partner with third party mobile operators to develop their coverage and densification objectives, including through the build-to-suit of 1,200 new sites within the next three years. See "*—Material Contracts—Hivory—Agreement to Dispose of Tower Assets*".

5G Technology

The Group is preparing the launch of 5G technology. The Group was the first network provider in France to conduct an over-the-air call on a 3GPP-compliant 5G New Radio system using 3.5 Ghz spectrum in 2018, and conducted the first full-scale 5G experiment with a pre-commercial terminal on the Altice Campus in Paris. The Group also conducted the first 5G call on a commercial smartphone in France. The Group continues in 2019 to extend its experiments with field trials in Nantes and Toulouse. Many partnerships (with SNCF and/or certain start-ups) are underway to prepare for the anticipated commercialization of the 5G network from 2020, after, and subject to the outcome of, the spectrum auctions.

Backbone

In order to offer all its customers a top-quality user experience, the Group has developed its own, unique transport network, enabling the routing of all of the Group's mobile and fixed-line traffic. The Group's network is based on a modern, high-quality infrastructure, both with respect to its backbone and its mobile and fixed-line access networks.

The Group has one of the largest backbones in France. This backbone is a national transport infrastructure with more than 80,000 km of fiber optic cable enabling the connection of more than 165 metropolitan loops in the territory as of September 30, 2019. In addition, the Group's backbone is accompanied by a network of 11 national data centers spread across the French territory.

Technical characteristics

The backbone (which provides the main voice and data transmission routes between large, strategically interconnected networks and the network's main routers) is used by the Group to route the digital signals of subscribers throughout France. The data backbone currently functions in "All-IP" and transports all Group communication using specific bandwidths for each of the Group's digital services (residential fixed, residential mobile and business services). The Group believes that its backbone is fully able to meet the needs of its subscribers.

Transmission network and IP transport network

For its optical transmission network, the Group has chosen a "meshed" architecture, namely one that is constructed in the form of inter-linked loops, thereby securing traffic flow as much as possible. In the past, the Group built its optical transmission network on the basis of national agreements with RFF and Voies Navigables de France. The Group has extended this vast transmission network by also renting fibers to third parties (for example, *Réseau de Transport d'Electricité*) and to Orange, specifically for the connection of MDFs.

To be able to handle increasing traffic, the Group has deployed the highest performing optical technology available to date. The Group has constructed an Internet Protocol ("**IP**") transport network that is multifunctional and features very high capacity. It is situated above the optical transmission network. The backbone routers use Nx100G technology and as a result can support connections of a unitary capacity of 100 GB/s.

The Group network can manage internet services using the addresses in IPv4 or IPv6 format for its Fixed and Wholesale customers. It can also transport voice, data and video flows (for example, television services on multicast IP or VOD).

Data centers

In order to meet the needs of its business services customers, the Group has 11 data centers in France. These data centers consist of one or more properties equipped with 24-hour security and surveillance services and include several rooms with cabinets containing the servers, kept at an ideal temperature and with permanent electricity supplies. The servers hold the data and applications to be used by business services customers, who benefit from a secured connection to the data center servers.

Marketing

Overview

The Group has a robust and multi-channel distribution network, combining local channels (stores, presence in the shelves of major food retailers, as well as door-to-door salespeople) and distance selling channels (such as websites and telesales) allowing it to cover the entire domestic market.

Stores

SFR spaces

As of September 30, 2019, the Group had approximately 626 "SFR spaces" in France which sell all of the SFR brand's fixed and mobile offers. This network of SFR spaces is operated by the Group's subsidiary, SFR Distribution, as well as independent partners. Regular investments are made to the SFR spaces network in order to modernize it and maintain the quality of in-store experience.

In addition to offering subscription services, SFR spaces offer subscribers (and prospective subscribers) a range of services including product demonstration and discovery services (such as LaBox workshops) and helpdesks.

The SFR brand has a multi-channel approach to its product marketing. As a result of its "web to shop" service, the Group allows its subscribers to order a product online or through telesales (for example a mobile phone handset as part of signing up for a new subscription or renewing an existing one), and to then collect that product at their nearest SFR space. Depending on the availability of the desired product, the customer may pick it up within 48 hours. Furthermore, we have developed the "*e-propale*" service, which allows estimates to be generated through all sales channels following a customer contact. These estimates can then be finalized by the subscribers themselves, either online or in person in a SFR space.

Door-to-door selling

Door-to-door selling is another mechanism for marketing of the Group's offers. The Group's door-to-door selling teams operate across the country and consist of both the Group's employees and independent contractors.

Websites

The Group is present on the internet via the websites of its current and historic brands: sfr.fr and redbysfr.fr. The purpose of the websites is to market offers through online stores, improve customer relations (by providing customer discussion spaces, online assistance and so forth) and to offer services (such as webmail).

The websites of the SFR brands (SFR and Red) have more than 95 million visits monthly, with more than 40 million unique visitors.

Telesales

The Group also markets its offers via the telesales channel. The Group's telesales generate more than 5,000,000 yearly outbound contacts and process approximately 208,000 inbound calls per month.

Customer service

Digital customer relations service

In order to give subscribers the autonomy they demand, the Group continues to develop and promote its digital customer service tools, in particular its "Customer Space" on the web and its MyAccount application for smartphones. These digital services, available 24/7, allow all subscribers to manage their services and find answers to their administrative, sales-related and/or technical questions. With the launch of the innovative self-diagnosis functions of its boxes, the Group now allows its subscribers to monitor the status of their boxes and get online technical support.

Multi-channel customer relation service

In addition to its digital solutions, the Group has advisors that help its subscribers on the telephone and/or through other contact modes such as chat-rooms, email, forums and social networks (Twitter, Facebook and others). SFR spaces play a key role in multi-channel customer service, offering subscribers on-the-spot support. The ability of points of sale to better assist its subscribers and resolve their problems is a priority for the Group. To improve the quality of how requests are handled, the Group is streamlining the tools used by its advisors.

Business Services Market

Overview

Changes in usage confirm new trends in the business services market, which raises challenges relating to performance, reliability and, more generally, security. Development of mobility and remote work capabilities, as well as proliferation of exchanges and collaborative work, have resulted in the growth of data usage, specifically in terms of mobility, for all customer terminals, and have created new needs for digitalization of applications and customers' tools.

The Group offers a full range of fixed and mobile services including voice services for traditional switched voice services and VoIP, data services, such as the provision of very-high-speed internet access, provision of connection services for professional multi-site architectures (IP VPN, LAN to LAN, SAN to SAN, etc.), cloud and hosting services, and various ICT services solutions.

The Group's business services customers consist of small, medium and large businesses, as well as public administration entities, which often have numerous sites of operation. The Group currently meets the needs of its customers via a portfolio of standardized solutions, completed with an extended know-how on project-based customizations.

The Group has a sales team organized into direct and indirect distribution networks to market and service its business services customers. The Group's sales representatives combine know-how, motivation and experience, providing a strong regional and local presence, and have close relationships with the local authorities and administration.

The business services market is addressed through different channels according to customer activity:

major accounts marketed through direct sale only. For major accounts, both public and private, the Group offers, through internal sales teams, tailor-made, reliable and secured solutions based on a combination of standardized products and more specific additional services. This segment is dealt with by the Commercial Department, "Major and International Accounts".

regional and local business market dealt with by 6 Regional sales organisations, decentralized and present everywhere in France via direct and indirect channels comprising of:

1. large businesses and public procurement activity marketed through direct sale only;

2. small to medium business activity (i.e. businesses with between 3 to 250 employees, "**SME**") marketed through indirect sales via a network of independent distributors and brokers and through SFR Business Distribution, a wholly-owned subsidiary of the Group;

A digital channel, including online shop and the telesales is used to generate additional sales to existing customers and leads for new customers.

The Group employs a dedicated product and marketing department for its business services customers, in charge of the development and marketing of offers and services as well as assistance for all support and training of commercial engineers. The offers of the Group are adapted to the needs of each of its customers, including small, medium and large companies as well as public entities.

Finally, the Group has and manages its own customer services structure, through a Customer Relations Department and a Customer Technical Support Department, specifically suited to the needs of its business services customers and which is available 24/7. The Group's digitalized customer management interfaces (in particular Customer Extranet Portal) provide a centralized and multi-channel customer service approach suited to the needs of business services customers.

The Group's standard service contract for business services customers includes commitments to restore service, in particular within four hours for fixed-line voice and data services. The Group also offers additional value-added services suited to the needs of business services customers in terms of roll-out and operation.

Mobile Offers (Voice, Data, Management and control services)

The Group's mobile offers are intended for all activities within the business services market, which follow the same format as the Group's residential offers, containing additional options as well as various levels of data usage, in addition to specific data access packages for tablets and computers, which offer internet access ranging from a few GB to several tens of GB depending on the offers.

The Group also offers cost management services to businesses. These include simple tools, such as a dashboard of telecommunications expenses and consumption, which allow businesses to effectively manage their fleet of handsets.

Handset management and security offers are available to all business customers. The Group's Mobile Device Management offer allows business customers to remotely manage and secure their fleet of smartphones and tablets, in particular by erasing the business' information in the event of theft. The handsets are configured in a centralized manner through a Cloud platform.

Fixed-line voice offers

The Group's business services fixed-line voice offers consist of various fixed-line telephony packages designed to suit all business customers' needs. They include calls to fixed and mobile lines with privileged support: dedicated customer service, guaranteed restoration in less than four hours with the dispatch of a technician if necessary, and the choice of single, consolidated or separate billing.

In 2018, the Group has launched a new service called "Ligne Business IP" (=IP Business Line) which delivers an analog line telephony service over a data access in order to help business customers cope with the phasing out of traditional Switched Voice Services by the French incumbent operator.

The "Pack Business Entreprise" offer is an offer for enterprises, from SMEs to large companies wishing to use the service of a provider handling the overall management of the business communication services (managing telephony service, equipment and telecommunications usage). This package provides not only a standard telephone service including call forwarding, call transfer and conferences, among others, but also the convergence of fixed and mobile services such as single number, single email system and accessibility rules.

The Group provides a dedicated project manager during set-up and installation on the site by licensed technicians.

Fixed data offers

The Group can provide its business customers with a complete range of fixed data offers:

1. Business private network offers

The "IPNet" offer connects businesses' different premises into a single virtual private network (VPN). Connections can be made using DSL or FTTx access technologies. Additional services allowing remote access, centralized and secure internet access or support can be added to this offer.

The "SFR International IPNet" offer for major accounts and businesses contains multi-site access in France and abroad (virtual private network with data traffic transport and prioritization). It makes it possible to transport and protect information between a company's sites in France and abroad, thereby improving the performance of its applications.

The "SFR Ethernet" offer, intended specifically for major accounts, connects the business's local networks through a very-high-speed broadband network. It thus makes it possible to allocate and share the network resources (LAN, servers) of the customer, and connect its main sites (head office, datacenters) via a flexible point-to-point architecture, with a broad range of speed and access options.

2. Internet access offers

The "Connect" offer, which provides access to the Internet with symmetrical speed and guaranteed broadband up to 1 Gbps and upwards of that through dedicated fiber, SDSL or VDSL.

The “Access Max” offer is designed to offer affordable access for SMBs and smaller businesses to very high speed internet. “Access Max” gives access to asymmetrical speed of up to 300 Mbps through FTTB and FTTH technologies. In 2018, the Group has launched the “Box Business” offer, an evolution of this service which delivers a Dual Play service (Voice + Internet access).

3. On-premise network offers

These offers bring together all of the services that meet the needs for LAN, enterprise WiFi and WAN network optimization services for companies through packages solutions or through project-based proposals. The “SFR WAN Services” offer brings to major accounts the agility of SD-WAN technology with an easier set-up, more agility in the provisioning of their connections at optimized costs. This offer is often combined with an Internet access offer or a VPN offer.

IT Services

In addition to connectivity solutions, the Group offers a range of IT infrastructure and telecommunications services in customized or packaged, on-site or as a service, the format depending on the needs and on the business market. To do so, it partners with the big technology companies in each area of expertise. These offers and can be supplemented with consulting and support services.

1. IT Infrastructure Service Line

This service line brings together hosting offers in the Group’s datacenters, platform hosting in public or private cloud mode, disaster recovery plan and content acceleration. An Infrastructure as a Service (“**IaaS**”) offer is also available for the customers, especially major accounts. The solution allows the company to host its servers in a shared environment to manage and optimize its information system infrastructure in a secured IT resource solution.

2. Unified Communications Service Line

This service line combines video conferencing, audio conferencing, messaging, collaboration and advanced business voice solutions. The portfolio notably includes:

- “Office 365 Collaboration”, which regroups in the same user license Microsoft Office tools (professional messaging, conference and instant messaging, online document sharing site, and office automation applications), and thus makes them accessible online at any time.

- “Business Corporate Pack”, offered specifically to large companies. This cloud unified telephony and communications solution is adaptable to every company and is based on four main pillars: advanced corporate telephony and communications functions, an on-demand service with pay-per-use, the guarantee of a single contact for an end-to-end commitment and a customer space allowing the customer to manage telephony and collaboration services autonomously on a daily basis. The Pack consists of a service platform in the network core and a centralized operator voice access, built on the existing network or the customer’s SFR IPNet. It offers customized end-to-end support for design, roll-out and operation. In addition to corporate telephony and collaboration functions, users will get a softphone service (i.e. telephony software for making calls over the internet) and a single number. They can therefore be reached at any time both within and outside of the company and on all types of fixed and mobile terminals.

The Proposed Financing also includes the capacity to deploy customized on-site and hosted-mode solutions.

3. Customer Relationship Management Service Line

The Group provides several solutions to meet the customer relationship management needs of its business services customers.

Special number offers: The Group has been a special number operator for many years. Despite some restrictive changes in French regulation, this activity remains strong within the Group.

Call center offer/Call contact offer is an interactive voice server and call center solution in cloud mode. Call Contact relies on an intuitive web interface for the call center manager and comes with special numbers.

Contact center offers ("Genesys by SFR" and "Cross-Channel Contact Center" solutions): The "Genesys by SFR" and "Cross-Channel Contact Center" solutions cover call centers for very large accounts (above 1,000 call center advisors) and standard accounts (50 to 500 call center advisors). These hosted solutions allow companies to manage their in-bound contacts homogeneously, whatever the channel of communication used by the customer (for example telephone, e-mail, mail, fax, chatting, social networks or avatars). Providing customers with a 360-degree view, these solutions require significant integration with the customer's information system.

Marketing campaign management offers ("MultiChannel Broadcast" and "Broadcast Pack"): The Group offers two outbound multi-channel marketing campaign management solutions: the "MultiChannel Broadcast" package, intended for large companies, and the "Broadcast Pack", for SMEs, each allowing the sending of messages (per unit or in direct marketing mode) via a channel best suited to the target (for example, SMS, MMS, e-mail, fax or voice announcement). Campaigns are managed through an online extranet or the Programming Interface Application.

4. Internet of Things Service Line

The Internet of Things service line provides standard or tailor-made connectivity integration of professional solutions for businesses. These offers allow a group of fixed or mobile machines to share information with a central server, for example geo-location or bank card payment services. To meet the specific needs of critical, sensitive and/or large volume projects, the Group is able to offer suitable services and pricing according to customers' needs:

- "Connectivity" only solutions, which can easily connect sensors and devises in the existing infrastructure;
- "Standardized Vertical" Internet of Things solutions, which are ready-to-use offers that are developed for specific needs such as power control, geo-location and employee protection. Each offer includes sensors, connectivity and a complete cloud platform; and
- "DIY IoT" solutions, which are a complete range of tools to create a specific and adapted IoT solution for each company's needs that includes an ecosystem of sensor vendors, connectivity, data management solutions and an IT development platform for each company's application.

5. Security Business Line

The Group offers a complete range of integrated and managed solutions for internet access protection and security. It works closely with security specialists to meet its customer's security requirements. The Group also offers secure terminal and remote access management solutions with virtual private networks ("**VPN**").

The Group provides answers to advanced cyber-threats such as system intrusion attempts or denial of service attacks (anti-DDos).

The Group's Service Internet Security range of solutions offers several levels of internet access protection, depending on the size of the company and the desired level of security. These offers are marketed either as packaged with internet access links or dedicated to secure complex multi-operator environments.

Wholesale Market

Overview

The Group, via its Operator Services Division ("**DSO**"), is a leading operator next to the incumbent operator in France in wholesale telecommunications services. The Group also has a number of assets in this market, such as the broad spectrum of its catalog, close relationships with its customers and the experience gained over the past 19 years in this specific market.

The Group is involved in the operator market in France and abroad, dealing more specifically with operators serving the residential market, the business services major account market (international and infrastructure operators) and the business services micro business/SME market.

At the end of 2014, residential services were impacted by consolidation with the SFR Acquisition and Virgin Mobile Acquisition. This resulted in contraction of the market that can be served by the DSO and, correspondingly, its revenues. However, there remains significant market potential for the DSO, especially through new growth drivers in the very-high-speed fixed-line/mobile broadband and in the contents market.

The business services major accounts market remains dynamic, due to, among others factors, the significant increase of speed and the requests for network security by large companies, increasing the sales volume of the DSO in this market, and also its technological evolutions, including the replacement of obsolete copper technology with fiber. The Group's significant customers in the business services major accounts market are major international incumbent operators.

The SME/micro-business business services market is witnessing a number of emerging players every year. This activity has become a preferred target of the incumbent operator. Nonetheless, telecommunications operators in this market have high growth momentum. The biggest operators in this market are now offering their own telecommunications services and positioning themselves with respect to all products from fixed voice to fixed and mobile data. The DSO supports them in these evolutions and partly benefits from this growth.

Solutions offered

Through the DSO, the Group offers domestic and international operators, and in the real estate space, telecommunications solutions to help them meet the needs of their own residential and business services customers.

The Group is currently marketing telecommunications infrastructure solutions, fixed voice solutions, fixed data solutions, white label solutions, mobile solutions, and roaming solutions for foreign operators, contents for FVNO (3P ADSL and Very-High-Speed offer) and MVNO, and infrastructure and digital services solutions to the building.

(a) Infrastructure solutions

The Group has capacities for IT and telecommunications equipment hosting, which it markets in particular to international players, in addition to the connectivity and data transport solutions. Its infrastructure offer also comprises the marketing of access to its ducts or the provision of fiber optics.

This infrastructure allows an operator that wants to develop its own telecommunications network in France to do so using the solutions offered by the Group.

(b) Fixed voice solutions

The Group meets domestic and international voice transport needs through call transit, collection and termination offers. With these solutions, third-party operators in France can use the Group's network to connect to the networks of other operators.

The Group also offers turnkey solutions to local or national players such as pre-selection, VoIP (end-to-end product offer), resale of the Orange subscription (VGA) and marketing of value-added services (08xx numbers), allowing them to be the single contacts of their end-customers by managing all voice invoices.

(c) Fixed data solutions

To meet the internet connectivity requirements, the Group offers end-to-end internet access solutions, with or without a router, as well as IP VPN solutions. These solutions allow a third-party operator to use the network and get the Group's support.

The Group also meets collect-mode connectivity needs so that operators can recover data traffic directly on their network. It equally allows international operators to build seamless offers including France in their offerings (international IP VPN).

With these solutions, the Group offers dedicated fiber and shared fiber accesses (FTTB, FTTH) and copper accesses (SDSL, ADSL and LL). The Group proposes to be the single point of contact for its operator customers by integrating Orange access and network solutions (fiber and copper) and PIN (Public Infrastructure Network) access and network solutions in order to complete its coverage of data services.

(d) White label solutions

The Group offers white label broadband and very-high-speed broadband access links in double-play and triple-play to operators wishing to position themselves in the consumer market. These solutions allow these operators to resell, under their own brand, turnkey solutions to their customers.

Triple-play white label service solutions are marketed under long-term contracts and are tailored to the needs and requirements of each of the Group's customers. These contracts include the provision of television content, internet access services and fixed telephony services. The Group also provides certain other products and services such as handset equipment.

(e) Mobile solutions

The Group offers comprehensive offers on the mobile virtual network operators market ("**MVNO**"). These offers are intended for operators without a network that wish to market a mobile offer. The Group offers Full MVNOs (a voice, SMS and data mobile collection offer), MVNOs light (end-to-end mobile services: national, calls abroad, and roaming, among others) and via MVNO aggregators that provided turnkey solutions.

(f) Roaming solutions for foreign operators

The Group receives roaming traffic of foreign operators on its mobile network in order to ensure continuity of their service in France. The hundreds of agreements that the Group has signed with most foreign mobile operators allow it to cover nearly 258 destinations, and to offer an equivalent service to its subscribers when they are in a foreign country.

This roaming solution is also available to MVNOs that wish to benefit from these agreements to meet the needs of their own subscribers.

(g) Content for FVNO and MVNO

The Group enriches its offerings for FVNO and MVNO by integrating the content developed by the Group (including TV, VoD and press) into its consumer offer.

(h) Infrastructure and digital services solutions for the building

The Group deploys very-high-speed solutions within existing buildings and in new real estate, mainly targeting residential real estate, service residences and the hospitality space (hotels and clinics, among others).

The Group deploys FTTH networks through contracting with the real estate operator for co-owned buildings or low-rent housing and through collective service contracts.

The services offered within the framework of collective services allow the residents of the buildings covered to have a maintenance contract enabling them to access, without individual subscription, either the collective television service or a collective triple-play service.

Media

The Group is focused on delivering high quality content offerings to complement its fixed and mobile services, including proprietary content and exclusive content, as evidenced by its investments in French media businesses NextRadioTV and SFR Presse. In addition, the Group regularly reviews and invests in the content that it offers to provide its subscribers with a flexible and diverse range of programming options, including high-quality local content and exclusive premium content.

On June 12, 2017 the Group announced a multi-year partnership with Netflix, which will allow its customers to watch Netflix's content via eligible devices. In addition, Altice Europe has acquired the rights to broadcast and/or distribute various premium sporting events, including the French Athletics Federation, English Premier League (through an agreement with Canal+), French Basketball League, English Rugby Premiership, UEFA Champions League and UEFA Europe League, which are commercialized in France via exclusive RMC branded channels pursuant to a distribution agreement entered into with AENS, a subsidiary of Altice TV. See "—*Material*

Contracts—Supply Agreements—Content Agreements" for more information. The Group also launched a single brand in July 2018 for all of its sports content; RMC Sport Access, which replaced the SFR Sport channel. At the end of 2016, Altice Europe also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights pursuant to which the Group broadcasts such channels in France, furthering the expansion of the Group's premium content offerings in France. In April 2017, the Group announced the launch of MY Cuisine, an international cookery channel broadcast exclusively by the Group in France. MY Cuisine also comprises a print magazine, mobile application and a recipe blog.

Furthermore, the Group has formed a partnership with Discovery Communications to launch two new exclusive Discovery channels and has obtained exclusive distribution rights to two existing Discovery channels, including the number one factual pay TV channel in France, and three NBCUniversal channel brands in metropolitan France. Leading 24-hour news is also provided by the Group through its TV news hub bundle, BFM.

The Group intends to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich its differentiated and convergent communication services from those of its competitors.

Activities of Société Réunionnaise du Radiotéléphone

Société Réunionnaise du Radiotéléphone ("**SRR**"), a wholly-owned subsidiary of the Group, operates in Réunion and Mayotte in all mobile and fixed residential and business services retail markets.

SRR is a major operator in mobile telephony (historical incumbent) and fixed services in the retail markets in these two territories. SRR ensures proximity to its customers through its 19 shops in Réunion, its six boutiques in Mayotte and a dedicated customer service team.

SRR provides a wide range of different offers with low-cost services under the Redbysfr.re brand as well as premium offers with SFR Presse, BFM, SFR Sport and SFR Play services. SRR also offers packages under the NRJ Mobile brand mainly for young people and under the La Poste Mobile brand for new customers. In addition, the SRR provides data offerings, which include M to M solutions as well as packages for tablets and internet dongles.

Since December 1, 2016, these offers are available in 4G (LTE). As part of the ARCEP 4G frequency allocation procedure, SRR has obtained new frequencies in the 800Mhz, 2.1 Mhz and 2.6 Mhz bands.

In addition, SRR continues to deploy its FTTH network in Réunion, which launched in March 2016.

Activities of Equity-Accounted Affiliates

The material equity-accounted entities of the Group as of September 30, 2019, include:

SFR FTTH

See "*—Material Contracts—SFR FTTH—Sale of a 49.99% Interest in SFR FTTH*" below and "*Certain Relationships and Related Party Transactions—Transactions with Unrestricted Subsidiaries—Sale of a 49.99% Interest in SFR FTTH*" elsewhere in this Notice for more information.

La Poste Telecom

The Group holds 49% of the share capital of La Poste Telecom that markets, under the La Poste Mobile brand, mobile telephony (subscription and pre-paid cards) as well as fixed services (DSL, very-high-speed internet) through the network of post offices. La Poste Mobile is an MVNO on the Group's network. See "*Certain Relationships and Related Party Transactions—Transactions with Equity Associates—Transactions with La Poste Telecom*" for more information.

Synerail and Synerail Construction

See "*—Material Contracts—Wireless Network Agreements—Agreement Related to the GSM-R Wireless Telecommunications Network*" below and "*Certain Relationships and Related Party Transactions—Transactions*

with Equity Associates—Transactions with Synerail and Synerail Construction" elsewhere in this Notice for more information.

Seasonality

With regards to residential activity, the year-end period is a period of extremely sensitive sales. A major defect in information systems or in any component of the production and logistics chain during this period would adversely affect revenues. To prevent this risk, the Group avoids working on the network and information systems during this period of the year (from mid-November until year end).

With regards to fixed-line business services activity, revenues from standard analog pay-TV services and basic and high-end cable pay-TV, as well as broadband internet service, are mostly based on fixed monthly pricing and are therefore not subject to seasonal changes. The increase in the number of customers is generally higher from September to January, reflecting a greater tendency for households to equip themselves during back-to-school and year-end periods.

Sales to business services customers generally grow in June and December which are periods when private and public-sector businesses create their budgets, while revenues from business services telephony services tend to reflect the timing of school holidays, with a slight drop during summer and winter vacations as well as during May holidays.

Revenues from the Group's content business, which are mainly derived from advertising and, to a lesser extent, the paid circulation of newspapers (subscriptions, newsstand sales), are subject to seasonal variations. For example, the seasonality of advertising revenues can change each year depending on the economic situation, the school calendar, the general news and the ability to preserve advertising space in a context of high level of news as well as, current or sporting events (tournaments and international competitions).

Suppliers

The Group has introduced a multi-sourcing purchasing policy for some technologies and permanently monitors suppliers in the production chain.

The breakdown of the main suppliers for the major categories is as follows:

ten main suppliers of mobile handsets and customer premises equipment;

five main suppliers of telecommunications equipment;

five primary suppliers for the deployment of this equipment and maintenance;

ten principal suppliers for IT systems;

five main suppliers for call centers.

For mobile handsets, the Group works with the best known brands on the market, as well as with Original Design Manufacturers (ODM) for which SFR uses dedicated brands. It is very important for the Group to have access to all the leading brands on the market. Moreover, SFR may, for some very specific products or services, find itself dependent on certain suppliers. SFR considers itself to be commercially dependent on a handset supplier and on an access provider.

For customer premises equipment, the Group works with reputed equipment manufacturer, who produce integrated solutions such as LaBox and set top boxes to the specifications of the Group. The Group owns the IP rights to the technology used to manufacture this equipment.

For telecommunications equipment, the Group has a dual sourcing policy with leading companies in these markets for the network's main equipment, particularly radio equipment. As a result, the Group believes that there is no critical dependence. For the backbone, SFR has more of a mono-sourcing policy, based on the type of equipment, in order to simplify the process and because of smaller volumes of investments. The companies concerned are also leaders in their fields.

For the information systems, the Group uses either solutions recognized in the market (Oracle, SAP), or more advanced solutions for which specific provisions are stipulated in the contracts in order to protect access to the source code. SFR believes there is no critical dependence in this area.

Thus, the Group has developed and maintains relations with various suppliers who contributed to the development of innovations, service quality and operational excellence for its customers to ensure economic efficiency.

The purchasing process consists of five stages that describe the entire life cycle of the relationship between the Group and its suppliers.

The selection of suppliers is one of the critical steps. It is rigorous and applies objective criteria relating to product and service quality, delivery terms and conditions and their costs as part of the total cost of ownership.

This assessment also considers commitments relating to:

compliance with applicable laws and regulations;

compliance with rules of confidentiality and loyalty;

the existence and application of an Environmental and Social Responsibility (ESR) policy suited to the nature of the products and services supplied.

These criteria are explicitly set forth in the contracts that govern the Group's relations with its suppliers.

Governance is set up with the principal suppliers. This enables a long-term, balanced relationship to be established and relates to both the monitoring of performance, the sharing and supervising of targets and the exchange of information regarding market and technology trends.

The SFR entity has been implementing a purchasing policy that takes into consideration the principles of social and environmental responsibility in its relations with its suppliers in order to improve risk control.

The main principles are as follows:

give priority to suppliers that meet these challenges;

take these criteria into consideration in supplier evaluations; and

promote and ensure compliance with the code of ethics and commitments published by the Group.

All purchase contracts signed in the last year include a clause on "compliance with laws and regulations—social responsibility". The Group uses the specialized company AFNOR to evaluate its main suppliers on a regular basis.

The use of protected sector businesses (recycling of equipment, telephone contacts, etc.) is an integral part of the purchasing policy and is regularly monitored.

As described above, the Group uses several suppliers in the course of its business activities. The Group believes that it is not dependent on any single supplier and that the loss of one of its suppliers would not have any material adverse effect on the Group's business, and that the Group could replace its main suppliers without any major disturbance to its operations, with the exception of a very small number of suppliers (one terminal supplier and one access supplier).

Material Contracts

A summary of certain material agreements reached by the Group follows.

Telecommunications Agreements

Interconnection

Interconnection is the means by which the Group is connected with third-party operators, enabling the provision of electronic communications services to end users. For a subscriber of a telephone network to be able to call an end user located on another telephone network, the subscriber's network service provider must connect to the end user's network or to the network that transfers the call to the end user's network. As a general rule, the operator of the network that is transferring the call and the operator of the end user's network (if different to the former) bill the subscriber's service provider for the expenses incurred in transferring traffic and/or call termination. These expenses are calculated based on the rates for call establishment and the duration of the telephone calls. The interconnection rates and expenses are regulated by ARCEP.

The Group has entered into an interconnection agreement with Orange for an indefinite term. The agreement may be terminated by the Group subject to three months' written notice. The Group has also reached interconnection agreements with other operators for routing traffic.

Unbundling

Unbundling consists of the supply by Orange of local copper-wire loops to third-party operators, which then install their own transmission equipment on those local copper-wire loops, allowing such operators to ensure end-to-end management of the network connecting it to its customers. The Group has entered into an agreement with Orange for accessing its local loops.

Supply Agreements

Content Agreements

The Group has entered into several agreements with publishers for broadcasting digital television channels, including TF1, Groupe M6 and Canal+. These agreements are generally for renewable three-year terms. Different compensation models are applicable, primarily regarding the provision of non-linear TV offerings (e.g. deferred broadcasts and catch-up TV), with compensation being determined on either a flat-rate price or based on the number of subscribers using such services (the latter of which is the market (and Group) trend).

The Group and AENS, an affiliate of the Group, have entered into certain distribution agreements regarding a package of sport and news channels, including the rights to broadcast the English Premier League Football and the exclusive rights to broadcast the French Basketball League and English Rugby Premiership fixtures, as well as the UEFA Champions League and UEFA Europa League in France. The UEFA rights include exclusive broadcast coverage across free-TV, pay-TV, mobile, internet, over-the-top and digital terrestrial television coverage. All such distribution agreements are entered into on an arms-length basis.

On January 8, 2018, Altice Europe announced that existing sports content wholesale contracts between the Group and Altice TV would be cancelled and replaced by a new revenue sharing contract with a significantly reduced annual minimum guarantee. AENS, a subsidiary of Altice TV, was eligible to receive an indemnity of €300 million as part of the renegotiation. This new arrangement will include the transfer of other premium content contracts from the Group to Altice TV and allow the Group to continue to distribute premium pay TV content to its customers, including SFR Sports and Altice Studio channels. As a consequence of the contract renegotiation with Altice TV, the total commitments of the Group decreased by approximately €1,000 million.

Altice Europe runs its Altice TV division which, with its subsidiaries (including AENS and Altice Picture), encompasses Altice Europe's content distribution division. The Group has entered into various arrangements with Altice TV division, including: (i) exclusive distribution rights in France provided to the Group with respect to a subscription-based VOD service known as "SFR PLAY" produced by Altice TV division; (ii) exclusive distribution rights in France provided to the Group with respect to certain sports and other channels produced by Altice TV division including RMC Sport 1 through 4, RMC Sport News, BFM Paris, My Cuisine and Altice Studio (amongst others), which includes certain exclusive premium sports content acquired by Altice TV division; (iii) exclusive distribution rights in France provided to the Group of the following channels Syfy, 13ème Rue, E!; (iv) exclusive distribution rights in France provided to the Group of Discovery Channels (v) non-exclusive distribution rights in France provided to the Group of Netflix. On January 8, 2018, Altice Europe announced that existing content wholesale contracts between the Group, and AENS, would be cancelled and replaced by new

revenue sharing non-exclusive contracts with a lower guaranteed minimum amount payable by the Group, as applicable ("**AENS Contract Renegotiation**"). This new arrangement includes the transfer of other premium content contracts from the Group to AENS and allows the Group to continue to distribute premium pay TV content to its customers, including RMC Sport channels, BFM Paris, SFR PLAY, Altice Studio, My Cuisine, SyFy, 13ème Rue, E!, Discovery Channels and BeIN.

Handset Supply Agreements

The Group has entered into a number of agreements through which it procures wireless handsets and accessories. Additionally, the Group considers itself to be in a commercially dependent relationship with regard to a handset supplier whose high-visibility products are not replaceable in its customers' eyes.

Infrastructure and Network Agreements

Agreements Regarding the Group's Networks

For more information on agreements relating to infrastructure and network see "—*Network*".

Agreement Between Orange and the Group Relating to Fiber Optics Roll-Out

On November 14, 2011, the Group entered into a joint investment agreement with Orange for the roll-out of fiber cable in less densely populated areas in continental France, which account for some 10 million households. Under this agreement, the Group was required to roll out fiber to 2.4 million households and Orange is required to roll out fiber optics to 7.6 million households, each by 2020.

To avoid any overlaps, the agreement designates for each municipality the operator that is in charge of the roll-out, thus ensuring the most optimal timeline and coverage. Each of the parties will become a client of the other by signing IRU agreements in the areas where they will not themselves deploy the fiber. The other operators will have access to these infrastructures through standard operator market agreements. Each party undertakes to cover each municipality within five years of the start of the roll-out.

The French Competition Authority's decision of October 27, 2014 imposed certain obligations on the Group with regards to the implementation of this agreement. As part of the implementation of these commitments, the Group removed part of the exclusivity of deployments from which it benefited on nearly 900,000 homes, thus enabling Orange to supply its own infrastructure in such areas.

On June 27, 2018, Orange and SFR announced that they had reached an agreement ratified by the French Competition Authority pursuant to which the two operators have agreed that 80% of the available homes passed would be deployed by Orange and 20% by SFR. The accord was accepted by the French Competition Authority under the condition that non-compliance could expose both operators to a fine reaching up to 3% of revenues derived in France. This commitment, together with the Group's commitment under the roll agreement, will require the Group to roll out fiber to 2.6 million households by 2020.

Agreement Between Bouygues Telecom and the Group Relating to Fiber Optics Roll-Out

On November 9, 2010 SFR and Bouygues Telecom entered into a joint investment agreement related to fiber optics roll-out ("**Faber Agreement**"). Under the terms of the Faber Agreement, SFR and Bouygues Telecom committed to jointly invest in the roll-out of a horizontal fiber optic network in a defined number of towns and districts located in high density areas.

By Decision No.14-DCC-160 dated October 30, 2014, the French Competition Authority authorized the SFR Acquisition. As part of this decision, the French Competition Authority asked SFR to provide certain commitments related to the Faber Agreement.

These commitments covered three main points:

- The obligation to provide distribution services for all Distribution Points (DP) delivered as of October 30, 2014 within two years;

- The drafting of a rider to the Faber Agreement allowing Bouygues Telecom to order a list of buildings of its choice for the distribution to Distribution Points delivered after October 30, 2014 within three months (excluding performance constraints); and

- The provision of maintenance for the FTTH infrastructure in a transparent and non-discriminatory manner using specially introduced quality indicators.

By Decision No.15-SO-14 dated October 5, 2015, the Competition Authority officially opened an inquiry into the conditions under which Altice and SFR Group respect these commitments.

See "*—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Non-compliance with the commitments entered into by SFR, in the context of the SFR Acquisition, relating to the agreement concluded between SFR and Bouygues Telecom on November 9, 2010*" and "*—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Bouygues Telecom against SFR (Faber CCI)*" for more information.

Wireless Network Agreements

Bouygues Telecom Agreement

The Group and Bouygues Telecom entered into an agreement on January 31, 2014, whereby they agreed to pool part of their wireless networks. The goal of this agreement is to allow the Bouygues Telecom and the Group to offer their respective subscribers better geographic coverage and service quality, while optimizing costs and investments. The agreement calls for the roll-out of a new shared network in an area corresponding to 57% of the population of France (encompassing the entire territory, other than the 32 largest population centers with more than 200,000 inhabitants and so-called "white spots").

The agreement is based on two principles:

(i) The creation of a special joint venture (Infracos) to manage the assets of the pooled radio sites, i.e. the passive infrastructures and geographic areas where the infrastructures and telecommunications equipment are deployed. The Group and Bouygues Telecom preserve the full ownership of their active telecommunications equipment and frequencies; and

(ii) The mutual provision of RAN-sharing service in 2G, 3G and 4G in the shared territory. Each operator is responsible for the part of the territory in which it assures the design, roll-out, operation and maintenance of the RAN-sharing service.

Under the agreement, the Group and Bouygues Telecom preserve their own innovation capabilities as well as full commercial and pricing independence, and continue proposing differentiated services due to the control of their network cores and frequencies. The agreement to partially pool wireless networks follows many similar arrangements implemented in other European countries.

On January 31, 2014, ARCEP approved the agreement, provided three conditions were met: (i) the preservation of the operators' strategic and commercial autonomy; (ii) the absence of an eviction effect on certain market competitors; and (iii) an improvement of the services provided to users in terms of both coverage and service quality.

The first roll-outs of the RAN sharing coverage were in September 2015, and 11,860 sites were rolled out by September 30, 2019. The Group estimates that as of late December 2018, this agreement corresponded to approximately €1,194 million in commitments given, and approximately €1,665 million in commitments received, for a net commitment of approximately €471 million, covering the entire long-term agreement. The target network completion date is expected to be in 2020 or 2021.

On April 29, 2014, Orange filed a complaint with the French Competition Authority regarding the agreement, arguing that it constituted an anti-competitive practice. Investigations on the merits are currently underway. For more information on the proceedings, see "*—Legal Proceedings—Civil and Commercial Disputes—Wholesale Disputes—Orange v. SFR and Bouygues Telecom (Network Sharing Agreement)*".

Agreement Related to the GSM-R Wireless Telecommunications Network

The Group holds a 30% share in the company Synérail, along with Vinci Energies and Vinci Concessions (collectively, "**Vinci**"), AXA Infrastructure Investissement SAS, AXA UK Infrastructure Investissement SAS and AXA Infrastructure Partners FCPR (collectively, "**AXA**") and TDF, which signed with the public-private GSM-R partnership agreement with RFF. Vinci and AXA each hold a 30% share, while TDF holds the remaining 10%.

The agreement, which has a duration of 15 years from March 24, 2010, and an overall value of approximately €1,000 million, consists of ensuring the financing, construction, operation and maintenance of a digital telecommunications network that will assure communications (voice and data) in conference mode between trains and ground controllers. This allows the creation of a European rail network system with a single, compatible and harmonized communication system that replaces existing national radio systems. The network will be progressively deployed along 14,000 km of traditional and high-speed rail lines in France.

The Group is also a service provider in the construction and operation phase of the GSM-R network through the companies Synérail Construction and Synérail Exploitation, which it holds jointly with Vinci Energies. In the event of a change in control of the Group, Vinci Energies has a purchase option on the stock of these two companies. This option was not, however, exercised as a result of the SFR Acquisition.

*Agreement for the Occupation of the Public Domain of Réseau Ferré de France ("**RFF**")*

The Group has entered into a set of agreements with RFF regarding public domain occupation, through which the Group occupies the infrastructures to set up its network.

White Label Agreements

As part of its undertakings following the decision of the French Competition Authority approving the SFR Acquisition, the Group is now party to agreements with, EI Telecom (relating to 3P FTTB and FTTH white label services for CIC-Crédit Mutuel Group), La Poste Mobile (relating to 3P DSL and FTTB white label services) and Coriolis Telecom (relating to 3P DSL white label services), under which it provides contents (television, press), very-high-speed internet and telephone services.

Pursuant to the white label agreements, the Group undertakes to abide by certain quality and performance standards, and penalties may be levied against it by its white label clients if these undertakings are not fulfilled. Each of these white label clients pays the Group monthly fees based on the number of end users to whom they sell bundled offers or, in the case of certain voice service agreements, based on usage. The Group's white label clients must pay additional amounts for any supplementary services they require, including customer and billing services. The billed amounts include (i) the subscription fee, which depends on the type of services subscribed, (ii) telephone service costs, and (iii) VOD costs.

The Group reached an agreement in May 2009 with Bouygues Telecom for the provision of FTTB very-high-speed bitstream services, which expires in March 2021.

MVNO Agreements

The Group is party to several end-to-end wireless service provision agreements with mobile virtual network operators ("**MVNOs**") whose activity depends on access to the mobile network of one or more mobile operators. As of January 22, 2020, the Group is party to 12 MVNO agreements, the most important of these being with La Poste Telecom (49% of which is held by the Group and the remaining 51% by Groupe La Poste), El Telecom (CIC Mobile, Crédit Mutuel Mobile and NRJ Mobile), Afone (Leclerc Mobile) and Coriolis Telecom.

SFR FTTH

Sale of a 49.99% Interest in SFR FTTH

On January 31, 2019, Altice France entered into an agreement with Piaf BidCo BV, an entity held by Allianz Capital Partners, AXA Infrastructure and OMERS Infrastructure (together, the "**JV Consortium**"), regarding the sale of a 49.99% interest in SFR FTTH, an alternative FTTH infrastructure wholesale operator. The transaction closed on March 27, 2019, upon which €522 million total assets and 1,100,000 total homes passed were transferred to SFR FTTH. The final proceeds amounted to €1.7 billion, based on an equity value at closing of

€3.4 billion. SFR FTTH is accounted for as an associate and therefore is no longer consolidated in the Company's financial statements.

SFR FTTH will be the largest alternative FTTH infrastructure wholesale operator in France, with approximately 5 million homes expected to be passed in low density areas in the next four years in addition to any others that may be franchised or acquired. SFR FTTH will sell wholesale services to all operators, including the Group, on the same terms and conditions and with no minimum volume commitments. Altice France will sell technical services to SFR FTTH for the construction, subscriber connection and maintenance of its FTTH network. SFR FTTH is an associate of the Group and has been designated as an Unrestricted Subsidiary under the agreements, instruments and indentures governing the Group's debt, including the Indenture.

SFR FTTH Shareholders' Agreement

On March 27, 2019, Altice France, Altice Europe and PIAF Bidco B.V. entered into a shareholders' agreement governing the rights and obligations of such parties in their capacities as shareholders of SFR FTTH. The shareholders' agreement provides for, among other things, a board of directors, which shall be comprised of four members, with two appointed by Altice France and two appointed by PIAF Bidco B.V., and the make up of which is subject to change if the percentage of ownership of SFR FTTH changes. The shareholders' agreement also contains standard restrictions regarding the transfer of shares. Subject to certain ownership concentrations, SFR FTTH is not permitted to take the following actions, among others, without the due authorization of the board of directors, including the affirmative vote of at least one director designated by PIAF Bidco B.V.: the issuance of equity securities, the entry into agreements in excess of specified thresholds and the incurrence of indebtedness in contravention of SFR FTTH's financing policy. The SFR FTTH shareholders' agreement also grants Altice France an option to purchase from PIAF Bidco B.V. between three and five percent of the share capital of SFR FTTH, subject to certain conditions.

Agreements between SFR FTTH and telecommunication operators

SFR FTTH has entered into agreements with SFR S.A., Orange S.A. and Free S.A.S. for the provision of electronic communication infrastructure by SFR FTTH to such operators.

Hivory

Agreement to Dispose of Tower Assets

On August 7, 2018, the Company and Starlight BidCo S.A.S., an entity controlled by funds affiliated with KKR, entered into an agreement in connection with the acquisition, by funds affiliated with KKR through Starlight BidCo S.A.S., of a 49.99% interest in the newly incorporated tower company, Hivory (the "**Towers Transaction**"). The transaction closed on December 18, 2018. The transaction valued Hivory at an enterprise value of €3,600 million. Hivory is a high-quality telecommunications infrastructure provider with a nationwide presence. It is the largest independent telecommunications tower company in France, benefiting from more than 10,000 strategically located sites with a diversified portfolio of ground-based towers and rooftops. Through Hivory, the Group and its joint venture partner KKR seek to proactively partner with third party mobile operators to develop their coverage and densification objectives, including through the build-to-suit of 1,200 new sites within the next three years. Certain of Hivory's capital expenditures will be financed by borrowings under the 2019 Hivory Senior Revolving Facilities. See "*Description of Indebtedness—2019 Hivory Senior Revolving Facilities"* for more information. Hivory is accounted for as a subsidiary and therefore fully consolidated in the Company's financial statements.

Hivory Shareholders' Agreement

In connection with the disposal of a 49.99% interest in Hivory to funds affiliated with KKR, Altice France and Starlight BidCo S.A.S entered into a shareholders' agreement governing the rights and obligations of such parties in their capacities as shareholders of Hivory. The shareholders' agreement provides for, among other things, standard restrictions regarding the transfer of shares, a board of directors, which shall be comprised of five members, with three appointed by Altice France and two appointed by KKR, and certain consent rights granted to KKR to protect its financial interest over specified matters relating to the operation and financing of Hivory. The shareholders' agreement also provides for a call option granted by KKR to Altice France in the event of a direct or indirect change of control of Starlight BidCo S.A.S (an entity controlled by KKR) as well as standard tag-along and drag-along rights.

Agreements between Hivory and telecommunication operators

In connection with the Towers Transaction, Hivory has succeeded into certain hosting undertakings of SFR S.A. with Orange France S.A., Bouygues Telecom S.A. and Free Mobile S.A.S. and has entered into a 20-year master services agreement with the Group on November 30, 2018 for hosting, site development and ancillary services to be provided by Hivory to the Group as a tenant, in addition to certain agreements with operators relating to the installation of telecommunications equipment.

Acquisition of Altice International's FOT Business

On October 31, 2018, the Group acquired the controlling interest in Altice Blue Two, previously the holding company for Altice International's operations in the French Overseas Territories of Guadeloupe, Martinique, Guyane, Mayotte and Réunion (the **"FOT Business**"). The total consideration received amounted to €476 million.

Agreement to dispose of International Wholesale Voice Carrier Business

On March 12, 2018, Altice Europe and the Group announced that they had entered into an exclusivity agreement with Tofane Global, a Paris-based telecommunications and digital player specializing in international carrier services, for the sale of its international wholesale voice carrier business in France. The sale was completed on September 12, 2018 at a disposal price of €21 million.

Call Centers

In order to optimize services, the Group outsourced certain of its call center operations to ACS. ACS coordinates with and outsources to various call center providers, including Randstad, Outremer Télécom (Mauritius and Madagascar) and Intelcia on behalf of the Group.

On May 16, 2018 the Group successfully acquired a 65% interest in ACS from Altice Europe, thereby internalizing its call center operations.

Properties

As of September 30, 2019, the Group owned property, plant and equipment with a value of €6,283 million, of which the Group's telecommunications network represented most of this total value. For more information on the Group's network, see "—*Network*", above. The Group leases some of its property, plant and equipment, particularly certain buildings and telecommunications network infrastructure.

The Group's headquarters are located at 16, rue du Général Alain de Boissieu, 75015 Paris, France, which are leased from SCI Quadrans. See *"Certain Relationships and Related Party Transactions—Transactions with our Controlling Shareholder—Transactions with SCI Quadrans".*

Technical sites

The technical sites of the Group are classified in three categories: (1) mobile switching centers ("**MSC**"), (2) radio sites (transmitting/receiving sites with transmitting/receiving antennas) and (3) fiber-optic exchanges.

The Group owns approximately 50 MSC buildings. Its radio network consists of approximately 22,000 sites of various types (existing buildings, undeveloped land, water towers and pylons), of which the Group is lead operator of 15,000. Approximately 6,900 of the Group's sites have been transferred to Infracos, the Group's joint venture with Bouygues Telecom (see "—*Material Contracts—Wireless Network Agreements—Bouygues Telecom Agreement*" for more information). On December 18, 2018, the Group transferred approximately 10,198 tower sites to Hivory (see "—*Material Contracts—Hivory—Agreement to Dispose of Tower Assets*" for more information). Fiber-optic exchanges primarily include small local optical connection nodes, which are a priority acquisition for the Group. The Group owns the optical fiber and coaxial cables of its network, as well as its equipment, head-ends, nodes, switches, connection equipment and certain other parts of the access network, including the long-distance backbone network. The cable infrastructure used in the Group's network (such as ducts and pylons) is owned by the Group or Orange (in which case Orange makes them available to the Group under long-term IRUs). See "—*Network*", above.

Other property

The Group holds more than 330 commercial leases for its stores located throughout France. In addition, the Group's assets include movable assets, computer equipment and servers, particularly set-top boxes and other digital terminals and equipment installed on the premises of the Group's subscribers, of which the Group retains ownership and which must be returned to the Group at the end of customers' subscriptions. The Group believes that the usage rate of its property, plant and equipment is consistent with its activity and projected growth, as well as with its current and planned investments.

Environment and Sustainable Development

Given the Group's activities and its current property, plant and equipment, it believes that there are no environmental factors likely to have a significant impact on the use of its current property, plant and equipment. Nevertheless, the Group pays particular attention to its environmental footprint and aims to implement a policy of profitable, sustainable and responsible development with respect to labor, the environment and society at large. The Group has implemented a number of environmental procedures with respect to its activity and its employees and wishes to expand these procedures in the future.

Beyond limiting its direct environmental impact, the Group is also careful to offer its subscribers ecologically responsible products and services in order to reduce their energy consumption. Due to its versatility and multifunctionality, the Group's set-top boxes represent significant environmental advances in its products given that they combine several functions (TV-HD decoder, TV recording device and removable hard drive).

Employees

The Group has recently optimized its workforce with a view to building a more competitive and efficient organization in order to allow it to adapt more quickly to the demands of the telecommunications market. As of December 31, 2018 the Group had an average full-time equivalent employee headcount of 21,759 compared to 16,671 as of December 31, 2017 and 17,669 as of December 31, 2016. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2017 compared to the year ended December 31, 2016—Significant Events Affecting Historical Results—For the year ended December 31, 2017—Group Restructuring*" for more information.

In addition, on June 22, 2018, the Group entered into an agreement providing a new commitment to the unions to maintain its current number of employees until December 31, 2020. Under this agreement, the Group has also provided a commitment to the effect that if it undertakes any minor restructuring, its employees will benefit from certain support and structured departure processes.

Legal Proceedings

The Group is involved in legal and administrative proceedings that have arisen in the ordinary course of its business.

A provision is recorded by the Group when (i) there is sufficient probability that such disputes will give rise to liabilities borne by the Group, and (ii) the amount of such liabilities can be reasonably estimated. Certain Group companies are involved in disputes related to the ordinary activities of the Group. Only the most significant litigation and proceedings in which the Group is involved are described below. See Note 14 to the Unaudited Financial Statements, Note 33 to the 2018 Financial Statements, and Note 33 to the English language translation of the Company's audited consolidated financial statements as of and for the year ended December 31, 2017, for more information regarding the Group's current legal and administrative proceedings.

Other than those described below in this section, the Group is not aware of any governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which the Group is aware) that may have or have had in the last twelve months significant effects on the financial position or profitability of the Group.

Tax Audits

VAT

The French tax authorities have conducted audits of various companies of the Group with respect to the VAT rates applicable to the Group's multi-play offerings. Pursuant to the rules applicable in 2010, television services are subject to a reduced VAT rate of 10%, while internet and telephony services are subject to the normal VAT rate of 20%. When marketing multi-play offerings, the Group applies a price reduction on the price the Group would otherwise charge for these services on a stand-alone basis. This discount applies primarily to the internet and telephony services portion of a multi-play offer, while the audited companies offered primarily television service. As a result, the VAT charged to the Group's multi-play subscribers is lower than the VAT that would be invoiced if the discount had to be charged to the portion of the price on its multi-play offers for the television services, or if the discount was prorated across all services. The French tax authorities assert that these discounts should have been calculated and prorated on the stand-alone prices of each of the services (television, broadband internet, fixed-line and/or mobile telephony) included in the multi-play packages of the Group and have proposed adjustments for the year 2010.

The Group has also received proposed adjustments for years 2011 to 2015 for SFR Fibre, Numericable and Est Vidéocommunication, primarily affecting the application of the VAT on multi-play offers, despite the change in rules on January 1, 2011 that supports the Group's practice in this area. The proposed adjustments are based on comparisons between customers with one television service and customers with two or three services including television (television with telephony and/or internet). If the proportion of the number of television service customers is lower than a certain percentage of customers with television and telephony and/or internet services, the VAT on television service is calculated at a 20% rate for these customers.

The National and International Audit Directorate (*Direction des vérifications nationales et internationales*) (the "**DVNI**") sent notices for the audit of 2015 and 2016.

The Group is disputing all of the proposed reassessments and has initiated appeals and dispute proceedings, which are at different stages for each of the years subject to reassessments.

By a decision from the French State Council on February 8, 2018, the Numericable request to be discharged of tax adjustments related to 2007, 2008 and 2009 was rejected.

The proposed assessments have been provisioned in the Unaudited Financial Statements, in the amount of €100 million (of which €40 million is recorded in "Provisions" and the remaining amount in "Trade payables and other current liabilities").

Others

An accounting audit of years 2012 to 2015 led the tax authorities to make various adjustments in the principal amount of the corporate tax. The tax reassessments for the years 2012 and 2013 have been paid in Q2 2019. The Group, which is disputing the assessments proposed for 2014 and 2015, recognized a provision of €13 million as of September 30, 2019.

In addition, the Centre National du Cinéma has conducted an audit on the Group on the tax on television services for the years 2014 to 2017, which has led to a reassessment relating to the scope of such tax, which should include, according to the tax authorities, all services included in an offer and not only those allowing the access to a television service. The Group, which is disputing the assessments proposed, has recognized a provision of €31 million as of September 30, 2019.

The Group is subject to a tax inspection concerning the fiscal years 2014 and 2015. Main proposed tax reassessments relate to (i) the computation of non-deductible financial expenses pursuant to the French thin capitalization regime and (ii) the amount of the tax losses inherited from previous tax groups to which the specific regime permitting to offset carry-forward tax losses on an enlarged basis has been applied ("*mécanisme d'imputation sur une base élargie*"). The Group is disputing this reassessment and recognized a provision of €14 million as of September 30, 2019 (of which €7 million is recorded in "Provisions" and the remaining amount in "Trade payables and other current liabilities") related to this dispute.

In December 2017, the Group received a proposed tax reassessment about taxes on top remunerations and the company value added contribution. This proposal gave rise to the booking of a provision of €11 million as of September 30, 2019, and the Group is contesting the majority of the contemplated adjustments.

The Group is currently subject to a tax audit for the years 2016 and 2017.

Civil and Commercial Disputes

Wholesale disputes

Complaint by Bouygues Telecom against SFR and Orange regarding the wholesale market in mobile call termination and the retail market in mobile telephony

The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange, claiming that SFR and Orange were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority decided to postpone its decision and remanded the case for further investigation. On August 18, 2011, SFR received a complaint claiming unfair pricing. On December 13, 2012, the French Competition Authority fined SFR €66 million for abuse of dominant position, which SFR has paid.

SFR appealed the decision, and the case was argued in the Paris Court of Appeals on February 20, 2014.

The Paris Court of Appeals rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation by SFR on July 9, 2014 and on October 6, 2015, the Court of Cassation rejected SFR's appeal), and asked the European Commission to provide an Amicus Curiae brief to shed light on the economic and legal issues raised by this case. The Paris Court of Appeals postponed a ruling on the merits of the case pending the European Commission's opinion. The European Commission rendered its opinion on December 1, 2014, against SFR. The hearing on the merits of the case was held December 10, 2015. The Court of Appeal delivered its judgment on May 19, 2016, granting a 20% fine reduction to SFR. The French Treasury returned €13 million to SFR. SFR appealed to the Court of Cassation on June 20, 2016.

As a result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, OMEA and EI Telecom (NRJ Mobile) brought suit against SFR in the Commercial Court for damages. SFR and Bouygues Telecom entered into mediation in June 2014 and the hearing to close the mediation proceedings was held on December 5, 2014. The motion for discontinuance on September 11, 2014, ended the legal action between the two companies. With respect to the claim by OMEA (€68 million) and EI Telecom (€29 million), SFR applied for and obtained a stay on a ruling pending the decision of the Paris Court of Appeals. On May 24, 2016, OMEA withdrew its case. EI Telecom reintroduced its case and updated its loss to up to €28 million. The procedure is pending. EI Telecom concluded its pleadings on November 14, 2019. SFR intends to respond by the January 24, 2020 deadline.

eBizcuss.com against Virgin Mobile

On April 11, 2012, eBizcuss.com filed a complaint against Virgin Mobile before the French Competition Authority regarding an alleged anticompetitive vertical agreement between Apple and its wholesale distributors (including Virgin Mobile). The case is pending.

Complaint against Orange to the French Competition Authority regarding the market in mobile telephony services for businesses

On August 9, 2010, SFR filed a complaint against Orange with the French Competition Authority for anticompetitive practices in the business mobile telephony services market.

On March 5, 2015, the French Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the French Competition Authority ordered Orange to pay a fine of €350 million.

On June 18, 2015, SFR filed suit against Orange in the Commercial Court and is seeking €2,400 million in damages for the loss suffered as a result of the practices in question in the proceeding with the French Competition Authority. On June 21, 2016, Orange filed an injunction to disclose several pieces of confidential data in SFR's economic report for July 21, 2016. On June 28, 2017, the judge ruled on this procedural issue.

Following this ruling, two Data Rooms were opened at Orange, the first one in September for the mobile services, and the second one in October for the fixed services. The analysis from Orange of the documents placed in the Data Rooms has been carried out and the substantive debate has started. On July 12, 2019 SFR submitted its summary conclusions as the last step in the procedure.

Non-compliance with the commitments entered into by SFR, in the context of the SFR Acquisition, relating to the agreement concluded between SFR and Bouygues Telecom on November 9, 2010

Following a complaint by Bouygues Telecom, the French Competition Authority took legal action on October 5, 2015, to examine whether SFR fulfilled its commitments made to the French Competition Authority, in connection with the SFR Acquisition, under its co-investment agreement with Bouygues Telecom for the deployment of optical fiber in very densely populated areas (the "**Faber Agreement**").

A session before the French Competition Authority board was held on November 22, and then on December 7, 2016.

On March 8, 2017, the French Competition Authority imposed a financial sanction of €40 million against Altice Europe and the Group for not having complied with the commitments set out in the Faber Agreement at the time of the SFR Acquisition. This amount was recognized in the Company's financial statements as of March 31, 2017 and was paid during the second quarter. The French Competition Authority also imposed injunctions, including mandating a new schedule to supply all outstanding access points with progressive penalties imposed in the event of non-compliance.

A summary was lodged on April 13, 2017 before the Council of State. The judge in chambers of the Council of State said there is no matter to be referred. On September 28, 2017, the Council of State rejected the application of Altice Europe and the Group for cancellation of the decision of the French Competition Authority.

The French Competition authority is currently controlling the compliance by SFR of the commitment set out in the Faber Agreement. The decision of the French Competition authority concerning the compliance or non-compliance with the Faber injunction (with respect to the liquidation of the penalty payment) is expected to be issued in the first half of 2020.

SFR v. Orange: abuse of dominant position in the second homes market

On April 24, 2012, SFR filed a complaint against Orange with the Paris Commercial Court for abuse of dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014, the Paris Court of Appeals overturned the Paris Commercial Court's ruling and dismissed SFR's requests. The Court of Appeals ruled that it had not been proven that a pertinent market limited to second homes actually existed. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014, SFR received notification of the judgment of the Paris Court of Appeal of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014, SFR appealed the ruling.

On April 12, 2016, the French Supreme Court quashed the judgment of the Court of Appeal and referred the case to the Court of Appeal of Paris. Orange returned €53 million to SFR on May 31, 2016. Orange reintroduced the case in the Court of Appeal of Paris on August 30, 2016. On June 8, 2018, a decision of the Court of Appeal has confirmed the decision and confirmed the payment made by Orange to SFR. On December 24, 2018, Orange refiled the appeal with the Supreme Court and SFR responded in the first half of 2019. The procedure is pending.

SCT against SFR

On October 11, 2017, SCT summoned the Group before the Paris Commercial Court alleging certain dysfunctions and failings in the delivery of the Group's Fixed services, and the loss of certain clients as part of the supply of MVNO services.

SCT is claiming damages in the amount of approximately €48 million (comprised of €25 million for the fixed services, €15 million for loss of clients, €2 million for loss of revenues, €1 million for deployment delays, €4 million for dysfunctions which led a negative impact on their internal management, €1 million for overcharging, €1 million for purchases with Orange and €200,000 for damages to their image).

This case was subject to a conciliation proceeding between the parties. After the failure of this proceeding, the case was sent to be tried on the merits and the Group communicated its conclusions in response on March 13, 2018. SFR concluded its pleadings on November 5, 2019. SCT has until January 28, 2020 to respond.

Consumer Disputes

Free v. SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court.

Free challenged the subsidy used in SFR's "Cross" offers sold over the internet between June 2011 and December 2012, claiming that the subsidy constituted a form of consumer credit and that SFR was therefore liable for unfair practices by not complying with the consumer credit provisions, in particular in terms of providing relevant information to customers.

Free asked the Paris Commercial Court to order SFR to provide customers with the relevant information and pay €29 million in damages. On January 15, 2013, the Commercial Court dismissed all of Free's requests and granted SFR €300,000 in damages. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Paris Court of Appeal upheld the judgment of the Paris Commercial Court and dismissed all of Free's claims. The amount of the compensation to be paid by Free to SFR increased from €300,000 to €1 million. On May 6, 2016, Free filed an appeal. SFR's defense was filed on November 8, 2016.

The Court of Cassation rendered a decision on March 7, 2018. This decision overturned and partially cancelled the decision rendered by the Court of Appeal and referred the case back to the Court of Appeal. The Court of Cassation considered that the Paris Court of Appeal had based its prior judgment on improper motives to exclude the mobile subsidy provided by the Group on its subscriptions from the scope of consumer credit. In addition, the Court of Cassation reaffirmed the sentencing for Free mobile to pay €1 million for the defamation suffered by the Group.

Free referred the matter to the Second Paris Court of Appeal. On April 24, 2019, the Second Paris Court of Appeal ruled that the "Cross" offer was to be considered a form of consumer credit and therefore SFR is consequently liable for unfair commercial practices. Free's other claims were dismissed. The Second Paris Court of Appeal has requested an assessment of damages suffered by Free, for which SFR has to make a €30,000 deposit by September 2019 to partly cover the costs of the expertise. SFR filed an appeal before the French Supreme Court and the proceedings are currently still pending. The Second Paris Court of Appeal has recently appointed an expert, who is scheduled to meet with SFR in early February 2020.

SFR v. Iliad, Free and Free mobile: unfair practices by disparagement

On May 27, 2014, SFR filed a complaint against Iliad, Free and Free Mobile in the Paris Commercial Court for unfair competition, claiming that since Free Mobile was launched, Iliad, Free and Free Mobile were liable for unfair practices by disparaging SFR's services. SFR claimed €493 million in damages.

On September 9, 2016, Free argued that SFR denigrated their capacities and services and claimed €475 million in damages. The Paris Commercial Court rendered its judgment on January 29, 2018. The Court sentenced Free Mobile to pay to SFR €20 million as moral damage as a result of unfair competition made by disparagement. In addition, the Paris Commercial Court ordered that SFR pay €25 million to Free Mobile as moral and material damage as a result of unfair competition made by disparagement. This decision was executed and the Group paid the €5 million net amount to Free in June 2018. SFR appealed this decision and the case is still pending.

Disputes regarding the transfer of customer call centers from Toulouse, Lyon and Poitiers

Following the transfer of customer call centers in Toulouse and Lyon to Infomobile, and the transfer of the Poitiers call centers to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at

Human Rights Tribunals in each respective city, claiming that their employment contracts were unfair and constituted fraud under Article L. 1224-1 of the French *Code du travail (the "***French Labor Code**") and that their dismissals were in breach of the legal provisions regarding dismissal for economic reasons.

The rulings in 2013 were mixed. The Toulouse Court of Appeals penalized SFR and Téléperformance in half of the cases, while the Lyon and Poitiers courts ruled in favor of SFR. The cases are now at various stages of proceedings in the Labor Tribunal, Court of Appeals and Court of Cassation.

Litigation over distribution in the independent network (consumer market and SFR's Business Team)

Like many other companies operating an indirect distribution model, SFR faces complaints from a number of its current and former distributors. These complaints revolve around claims of sudden breach of contract, unfair economic dependency, demands for reclassification as a sales agent, and more recently, demands for reclassification as a contractual branch manager or as SFR-contracted point-of-sale staff.

Free v. SFR

In July 2015, Free filed suit against SFR seeking to prevent SFR from using the word "Fiber", claiming that the solution marketed by SFR is not an FTTH solution. Free considers SFR's communication to be materially deceptive and, on that basis, is asking the court to find that SFR is engaging in free-riding and unfair competition.

On January 29, 2018, a decision was rendered requesting SFR to:

pay €1 million as moral damages;

communicate, within 90 days following the date of the judgment notification, to each client having subscribed to SFR or Numericable, an offer including the term "fiber" (excluding FTTH offers) on IT support and paper support information relating to (i) the precise nature of its connection to optical fibre; (ii) the number of subscribers sharing coaxial connection; and (iii) the average connection speed at peak hours and off-peak hours;

inform, within 90 days following the date of the judgment notification, each client having subscribed to SFR or Numericable, an offer including the term "fiber" (excluding FTTH offers) that they benefit from a possibility of immediate termination as a result of default in previous information provided about the exact characteristics of the offer; and

pay €120,000 pursuant to article 700 of the French Code of Commerce.

The court considered that it made a material error in failing to mention provisional enforcement in the judgment. Accordingly, the court decided, by judgment dated February 12, 2018, that provisional enforcement applies for all convictions in this case.

Despite its appeal before the Court of Appeal of Paris, the SFR was obliged to execute the judgment. Free challenged SFR's proper execution of the judgment and referred the matter to the execution judge which confirmed the proper execution of the ruling by SFR. Free appealed this decision and the proceedings are still pending.

Familles Rurales v. SFR

In May 2015, Familles Rurales filed a class action suit against SFR in the Paris District Court, claiming that SFR used deceptive sales practices in its communications about 4G, and seeking remedy for the loss allegedly suffered by consumers.

On November 12, 2015, SFR argued the nullity of the summons. On April 15, 2016, the judge of the *Mise en Etat* declined the request of SFR by ordinance. On April 29, 2016, SFR appealed this ordinance to the Paris Court of Appeals. On April 20, 2017, the Paris Court of Appeals confirmed the ordinance of the judge of the *Mise en Etat*. On May 17, 2017, SFR deposited its second pleadings to the judge, to which Familles Rurales provided their responses on November 14, 2017. Families Rurales represents about thirty individual cases and based on the fact that ARCEP revealed dysfunctions in SFR's 4G network, that they were entitled to claim reimbursement for their mobile phones and their 4G subscription fees. Families Rurales asked the Court to publish the relevant information

in order to allow any subscriber to join this class action after judgment and thus, to obtain such reimbursement Families Rurales requested a provision of €100,000. On February 27, 2018, the closing injunction was pronounced for SFR, followed by an audience with the judge of the *Mise en Etat* on March 7, 2018. The pleadings were heard on July 4, 2018. On October 3, 2018, the *Tribunal de Grande Instance* of Paris rendered a judgment rejecting the requests of Familles Rurales and sentenced the Familles Rurales association to pay €0.02 million based on Article 700 of the *Code de Procédure Civile*. The closing ordinance occurred on April 11, 2019, and the case was pleaded concomitantly in collegiate before the Court of Appeal of Paris. The closing hearing was scheduled for November 7, 2019. However, the association Familles Rurales sent a letter to the Paris Court of Appeal requesting the postponement of the closing date and pleadings and setting a new timetable, which was granted. Since the Familles Rurales association filed its conclusions on November 8, 2019, the Paris Court of Appeal postponed the closing date to January 16, 2020, ordering SFR to conclude by December 4, 2019 and Familles Rurales to conclude by January 9, 2020. SFR and Familles Rurales have not filed any new closing arguments or exhibits. The closing is expected to occur in January 2020.

Tracetel and Intermobility v. SFR

In May 2017, Tracetel and Intermobility sued SFR before the "Tribunal de Commerce de Paris" in order to obtain compensation for the damage allegedly suffered by the two contracting parties in the context of the response to the tender procedure of the Vélib DSP. They accuse SFR of not having filed the joint offer and are seeking damages in the amount of €69 million. The Group is challenging the merits of these claims. In November 2018, at the time of the submission of summary conclusions, Tracetel and Intermobility requested that, in the event of rejection of their principal claim, the Group will be ordered to pay a minimum of €3 million. The conclusions of SFR in response were filed on January 25, 2019. The pleadings took place on September 20, 2019. The judgment was delivered on December 16, 2019 ordering financial compensation of €440,000 owed by the Group. The provisional execution of the judgment has been ordered and the Group expects to file an appeal against this decision

Other disputes

In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities

On July 17, 2013, the European Commission signaled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to SFR Fibre (formerly NC Numericable S.A.S.) was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives the latter an economic advantage not enjoyed by its competitors, and that it therefore constitutes government aid within the meaning of the rules of the European Union. The free-of-charge transfer of the cable networks and ducts by 33 French municipalities to SFR Fibre, therefore, it was argued, confers a benefit of this type and constitutes government aid. The European Commission has expressed doubts about the compatibility of the alleged aid with the rules of the European Union. The Group firmly denies the existence of any government aid. In addition, the decision to open an investigation concerns a relatively small number of network connections (approximately 200,000), the majority of which have not been migrated to EuroDocsis 3.0 and only allow access to a limited number of the Group's television services.

The European Commission's decision of July 17, 2013 was published in the Official Journal of the European Union on September 17, 2013. Since then, discussions have continued within the framework of this process both in terms of comments from third parties as well as those from the parties to the proceedings as to the allegation of the existence of aid and its extent, with the Group firmly challenging the existence of any government aid.

Actions by Colt, Free and Orange against the European Commission regarding DSP 92

Colt, Free and Orange filed three separate motions against the European Commission (the "**Commission**") before the General Court of the European Union ("**GCEU**") seeking to annul the Commission's final decision of September 30, 2009 (Decision C(2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute state aid within the meaning of the rules of the European Union. The Group is not party to these proceedings. Its subsidiary Sequalum, as well as the French government and the department of Hauts-de-Seine, are acting as civil parties. In three rulings dated September 16, 2013, the GCEU dismissed all three actions

and confirmed the aforementioned decision of the Commission. Free and Orange have appealed to the Court of Justice of the European Union.

Litigation between Sequalum and Hauts-de-Seine General Council regarding DSP 92

A disagreement arose between the Hauts-de-Seine General Council ("**CG92**") and Sequalum regarding the terms of performance of a utilities concession contract signed on March 13, 2006 between Sequalum, a subsidiary of the Group, and the Hauts-de-Seine General Council, to create a very-high-speed fiber optic network in the Hauts-de-Seine region.

The Hauts-de-Seine General Council decided in its on October 17, 2014 meeting to terminate the public service delegation agreement signed with Sequalum "for gross misconduct by the delegatee for which it is solely responsible".

By two judgments dated March 16, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against the two demands issued by the Hauts-de-Seine General Council for the penalties in the amounts of €52 million and €45 million. Sequalum appealed the two decisions before the Administrative Court of Versailles, but paid €97 million over the month of July.

On October 16, 2014, Sequalum filed a motion in the Administrative Court of Cergy Pontoise to have the public service delegation rescinded on the grounds of force majeure due to irreversible disruption of the contract, and for a payment of compensation.

Sequalum claims that the termination was unlawful, and is continuing to perform the contract, subject to any demands that the delegator may impose. If the courts decided against Sequalum, Sequalum may have to (i) repay the public subsidies received for the DSP 92 project, equal to the outstanding component of the subsidies (Sequalum has received €25 million), (ii) pay the proceeds of advances (estimated to be €32 million by the Department of Hauts-de-Seine) and (iii) compensate the Department of Hauts-de-Seine for damages suffered (estimated to be €212 million by the Department of Hauts-de-Seine). The Hauts-de-Seine General Council received the returnable assets of the DSP 92 project on July 1, 2015. If the courts decided in favor of Sequalum, the Hauts-de-Seine General Council would have to pay compensation to Sequalum in an amount equal to the net value of the assets.

On December 31, 2015, the assets were removed from Sequalum's account in an amount of €116 million. A receivable in the amount of €139 million related to the expected indemnification due to Sequalum was also recognized and fully provisioned.

On July 11, 2016, the Department of Hauts-de-Seine issued a detailed account of all sums it believed to be due by each party in respect of the various disputes, and issued securities on the basis of the said account. The various sums were the subject of a decision of the public accountant dated July 13, 2016, with the final approved amount totaling €182 million. This statement, the securities and the compensation decision were the subject of motions for annulment filed by Sequalum before the Administrative Court of Cergy Pontoise on September 10, 12 and 14, 2016.

These applications remain pending, except for the application for annulment relating to the breakdown (the Court having considered that the breakdown was not a measure which could be appealed but Sequalum appealed this decision before the Versailles Administrative Court of Appeals). The Group outlined that it had its own optical fibre in the Haut-de-Seine department enabling it to serve its customers.

In September 2017, the department issued three revenue orders (*titres de recette*) in order to minimize the balance due to Sequalum at the time of counting. The following demands were contested:

Order of an amount of €23 million for the unamortized portion of the subsidies (SFR's appeal was dismissed);

Order of an amount of €32 million for deferred income (SFR's appeal was successful); and

Order of an amount of €6 million for amounts received as prepayment for connections (SFR's appeal was dismissed).

The Department issued a revenue order of €212 million for damages suffered as a result of the faults based on which the contract was terminated. The judgment was rendered on February 15, 2018, and reduced the indemnity by €187 million and the amount of the revenue order to €26 million. The department appealed this decision. The judgement rendered on July 5, 2018 granted Sequalum's request for the cancellation of the compensation. On the other hand, the request for repayment was rejected. This rejection has been appealed by Sequalum. The Group is currently negotiating with the Department.

Canal Plus Group (GCP) against SFR and SFR Fibre

On October 4, 2017, GCP summoned SFR and SFR Fibre (formerly NC Numericable S.A.S.) before the Paris Commercial Court. GCP claimed that both SFR and SFR Fibre breached their contractual obligations and notably:

marketed substitute products to the GCP, allowing customer poaching from GCP to the benefit of the Group;

decreased GCP's promotions;

promoted the migration of the subscriber base in favor of FTTB, which does not allow access to Canalsat offers;

carried out misleading advertising;

refused to set up new offers;

changed the numbering of GCP's channels; and

denigrated GCP channels on SC platforms.

GCP requested the termination of the above under financial penalty of €30,000 per day, and damages in the amount of €174 million. On September 18, 2018, the two parties signed a contract allowing GCP to distribute sports channels produced by the Group via satellite. As part of this agreement, both parties decided to mutually desist from all open legal proceedings, thus ending the aforementioned litigation.

Iliad/Free gun-jumping litigation against Altice Luxembourg, the Group, SFR and SFR Fibre

On April 9, 2019, Iliad and Free filed a complaint against Altice Luxembourg, the Group, SFR and SFR Fibre in the Paris Commercial Court relating to gun-jumping practices in connection with the Group's acquisition of Omer Telecom Limited which were sanctioned by the French Competition Authority in 2016. Iliad and Free allege that such practices allowed the Group to win the bidding process, without which Iliad and Free would have acquired the entity. Iliad and Free claim a loss in profits of €216 million. A hearing was held on November 15, 2019 and Iliad and Free have until January 24, 2020 to respond.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of the Group's financial condition and results of operations and should be read together with the Unaudited Financial Statements and the Audited Financial Statements. This discussion contains forward looking statements that are subject to numerous risks and uncertainties. See "Forward Looking Statements" and "Risk Factors" for a discussion of important factors to be evaluated in connection with an investment in the Notes.

In this section, unless the context otherwise requires or otherwise specifies, the term "Group", "we", "us" and "our" refers to the Altice France and its subsidiaries.

The Group applies International Financial Reporting Standards (IFRS) as endorsed in the European Union. Adjusted EBITDA and Capital Expenditures, and measures derived therefrom, are not defined in IFRS, they are "non-GAAP measures". Management believes Adjusted EBITDA is useful to readers of the Group's financial statements as it provides a measure of operating results excluding certain items that we believe are either outside of our recurring operating activities, or items that are non-cash. Excluding such items enables trends in our operating results and cash flow generation to be more easily observable. We use the non-GAAP measures internally to manage and assess the results of our operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in our industry, and thus are a basis for comparability between us and our peers. However, Adjusted EBITDA, as used herein, is not necessarily comparable to similarly titled measures of other companies. Furthermore, Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation from, or as an alternative to, net income or loss, operating income, cash flow or other combined income or cash flow data prepared in accordance with IFRS.

Basis of Presentation

This discussion and analysis for each of the periods presented is based on the financial information derived from the Historical Consolidated Financial Information. The Group has adopted IFRS 15 and IFRS 9 effective from January 1, 2018. The Unaudited Financial Statements and the 2018 Financial Statements reflect the change in accounting standards. The Group's consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS 15 in the 2018 Financial Statements. IFRS 9 amendments were booked directly in the opening balance sheet as of January 1, 2018 and the financial information for the year ended December 31, 2017 in the 2018 Financial Statements has not been restated for the impact of IFRS 9. The 2017 Financial Statements and the 2016 Financial Statements have not been restated for the impacts of IFRS 15 or IFRS 9. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements, included elsewhere in this Notice for more information. The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the nine months ended September 30, 2018 in the Unaudited Financial Statements and the Audited Financial Statements has not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee. The Group recognised lease liabilities to make lease payments and right-of-use ("**ROU**") assets representing the right to use the underlying assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group. The main effects of the adoption of IFRS 16 on assets and liabilities as of January 1, 2019, were a recognition of ROU assets of €3,233 million which are recognized and presented separately in the statement of financial position and include the lease assets in the amount of €121 million previously recognized under finance leases and reclassified from the Property, plant and equipment and Intangible assets line items, and an increase in lease liabilities by €3,214 million (current and non-current) (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 in the amount of €79 million) of which the current and non-current liabilities increased by €663 million and €2,551 million, respectively.

Operational Activities

From time to time we review the presentation of revenues generated by our operational activities to most closely align to the day-to-day operational and strategic divisions in which our business is managed.

On January 1, 2018, we amended the presentation of our revenue derived from operational activities, presenting revenue by activity under "Mobile Services," "Mobile Equipment," "Fixed," "Wholesale," "Media" and "Other." For comparative purposes, we have provided the same presentation for the year ended December 31, 2017. However, for the financial years ended December 31, 2017 and December 31, 2016, we have continued to present the discussion and analysis of the results of our operations in line with the historical activities of the business prior to January 1, 2018 (i.e., "B2C," "B2B," "Wholesale" and "Media").

On January 1, 2019, we further amended the presentation of our revenue derived from operational activities, presenting revenue by activity under "Residential—Fixed," "Residential—Mobile," "Business Services," "Equipment Sales" and "Media" which we believe more accurately reflects the current day-to-day operational and strategic divisions in which our business is managed. For comparative purposes, we have provided the same presentation for the nine months ended September 30, 2018.

Key Factors Affecting Our Results of Operations

Our operations and the operating metrics discussed below have been, and may continue to be, affected by certain key factors as well as certain historical events and actions. The key factors, amongst others, affecting the ordinary course of our business and our results of operations are discussed below.

Acquisitions and Integration of Businesses and Strategic Initiatives

Altice France was created through the acquisition by the Group, previously France's sole major cable operator, of SFR, France's leading alternative mobile services provider, which occurred on November 27, 2014. Since then, we have from time to time made significant direct and indirect equity investments in, and divestments of, certain businesses, including, among others, the acquisition of a controlling interest in Next Radio T.V. in 2016 and the remaining interest therein in 2018, the disposal of i24News and acquisitions of FOT, ACS and ATS in 2018. In addition, in 2018, the Group has entered into certain strategic transactions such as the sale of its 49.99% interests in SFR FTTH and the Towers Transaction. In 2019, SFR FTTH (an associate of the Group) entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of all of the equity interests in Covage. Due to the significant nature of certain of these acquisitions and disposals, the comparability of our results of operations based on the Historical Consolidated Financial Information may be affected. See "*—Discussion and Analysis of Our Results of Operations—For the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018—Significant Events Affecting Historical Results*", "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2018 compared to the year ended December 31, 2017—Significant Events Affecting Historical Results*" and "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2017 compared to the year ended December 31, 2016—Significant Events Affecting Historical Results*".

In general, our results of operations in historical periods have been impacted by actions taken and expenditures incurred to integrate these businesses. We have aimed to integrate and improve the businesses by focusing on several key areas including by (i) investing in the Group's fiber network, migrating existing DSL subscribers to the Group's own network and reducing the need for third party network services, (ii) improving and simplifying operational processes and reduce IT costs by investing in new platforms, (iii) integrating sales organizations, optimizing the Group's sales channels and simplifying the Group's brand portfolio, (iv) implementing procurement efficiencies by leveraging the Group's bargaining power and (v) reducing overhead costs.

At the core of our strategy is a return on revenue, profitability and cash flow growth and, as a result, deleveraging. We benefit from a unique asset base which is fully-converged, fiber rich, media rich, active across consumers and businesses and holds the number two position in its market with nationwide fixed and mobile coverage. The reinforced operational focus offers significant value creation potential. In 2018 and 2019, we have successfully completed disposal of certain non-core assets. Key elements of our growth strategy include:

Operational and financial turnaround under the leadership of a new management team;

Optimizing commercial performance with a particular focus on customer services;

Continuing to invest in best-in-class infrastructure commensurate with our market position; and

Monetizing content investments through various pay TV models and growing advertising revenue.

For the years ended December 31, 2016, 2017 and 2018, we incurred other expenses and income of €432 million, €980 million and €592 million respectively. For the nine months ended September 30, 2019 and 2018, we incurred other expenses and income (respectively) of €3,094 million and €324 million respectively. Other expenses and income primarily include costs with respect to renegotiations or termination of contractual arrangements, employee redundancies, fees paid to external counsel, capital gain or loss on investing activities and other administrative expenses related to reorganization of existing or newly acquired businesses. In addition, we generally record goodwill relating to such acquisitions. As of September 30, 2019, the goodwill recorded on our balance sheet amounted to €11,484 million (compared to €11,480 million as of December 31, 2018). Goodwill is subject to impairment reviews in accordance with IFRS and any impairment charge on goodwill would have a negative impact on operating profit. For the nine months ended September 30, 2019, we did not incur any impairment losses.

Multi-Play Strategy

We have implemented a business strategy focused on the provision and expansion of multi-play product offerings, including 3P and 4P bundles. Customers who elect to subscribe for our multi-play bundles rather than our individual services realize comparative cost savings on their monthly bill. We believe that the enhanced value proposition associated with our bundled services enables us to meet our customers' communication and entertainment requirements while concurrently both increasing customer loyalty and attracting new customers. As a result of our focus on providing subscribers with multi-play bundles, we have experienced an increase in the number of our fiber/cable customer relationships. We believe our bundled service offerings will be an important driver of our fixed-based services, partially offsetting the continued pressure on traditional fixed-based services.

Introduction of New Products and Services and Investment in Content

We have significantly expanded our presence and product and service offerings in the past. In particular, we have launched new offers with new sports and other content in order to differentiate our product offering and to underline our investment in sports rights and other nonlinear content.

We are focused on supplementing our own content offerings with premium content produced by third parties. Altice Europe has acquired the rights to broadcast and/or distribute various premium sporting events, including the French Athletics Federation, English Premier League (through an agreement with Canal+), French Basketball League, English Rugby Premiership, UEFA Champions League and UEFA Europe League, which are commercialized in France via exclusive SFR branded channels pursuant to a distribution agreement entered into with AENS, a subsidiary of Altice TV. We also launched a single brand in July 2018 for all of our sports content: RMC Sport Access, which replaced the SFR Sport channel. At the end of 2016, Altice Europe and the Group also announced strategic agreements with NBCUniversal International and Discovery which confer certain exclusive distribution rights pursuant to which the Group broadcasts such channels in France, furthering the expansion of the Group's premium content offerings. In April 2017, we announced the launch of MY Cuisine, an international cookery channel broadcast exclusively by the Group in France. MY Cuisine also comprises a print magazine, mobile application and a recipe blog. Furthermore, the Group has formed a partnership with Discovery Communications to launch two new exclusive Discovery channels and has obtained exclusive distribution rights to two existing Discovery channels, including the number one factual pay TV channel in France, and three NBCUniversal channel brands in metropolitan France. Leading 24-hour news is also provided by the Group through its TV news hub bundle, BFM. In June 2017, we entered into a multi-year partnership with Netflix to deliver Netflix's range of critically acclaimed series, movies, documentaries, stand-up comedy and children's programming to our customers in France. We intend to continue to selectively invest in local and value-added premium content as well as sports broadcasting and distribution rights in the future to enrich our differentiated and convergent communication services from those of our competitors. We believe that such efforts will reduce our customer churn and increase revenue.

In March 2018, we redesigned our offers by simplifying them and more closely aligning their content to those of our competitors. Offers are now built around two separate focuses: one around telecoms and one around premium content. These are offered as pay options, at a preferential rate for our customers, for fixed and mobile offers. The benefits of this strategy are seen in a significant uplift in gross-adds for customers taking content options and this trend was strengthened further as key content was added with the Champion's League in the third quarter of 2018

Pricing

We focus our product offerings on multi-play offers. In France, we offer multiple play (4P) offers at various price points based on the targeted clientele (low cost, no engagement period offers through our RED brand and more premium offers with the SFR brand). The French market remains highly competitive and hence extremely sensitive to pricing strategy. The cost of a multi-play subscription package generally depends on market conditions, our competitors' pricing of similar offerings and the content and add-ons available on each platform. In general, the greater the optionality, content and usage time included in the offering, the higher the price of the multi-play package. The prices of B2B contracts are negotiated individually with each customer. The B2B market for voice services is extremely price-sensitive and entails very low margins as voice services are highly commoditized, involving sophisticated customers and relatively short-term contracts. The B2B market for data services is less price-sensitive, as data services require more customization and involve service level agreements. In both markets, price competition is strongest in the large corporate and public-sector activities, whereas customer-adapted solutions are an important competitive focus in the medium and small business activities. We have tailored our targeted pricing strategy to account for these dynamics in France.

Cost Structure

We generally work towards achieving satisfactory operating margins in our business and focus on revenue-enhancing measures once we have achieved such margins. We continuously work towards optimizing our cost base by streamlining processes and service offerings, improving productivity by centralizing our business functions, reorganizing our procurement process, eliminating duplicative management functions and overhead, terminating lower-return projects and non-essential consulting and third-party service agreements, and investing in our employee relations and our culture. We are implementing common technological platforms across our networks to gain economies of scale, notably with respect to billing systems, network improvements and customer premises equipment and are investing in sales, marketing and innovation, including brand-building, enhancing our sales channels and automating provisioning and installation processes. We have also achieved, and expect to continue to achieve, substantial reductions in our operating expenses as we implement uniform best practice operational processes across our organization. As a result, we have generally managed to achieve growth in the Adjusted EBITDA, profitability and operating cash flow of businesses that we have acquired.

Network Upgrades

Our ability to provide new or enhanced fixed-based services, including HDTV and VoD television services, broadband internet network access at increasing speeds and fixed-line telephony services as well as UMTS, 3G and 4G mobile services to additional subscribers depends in part on our ability to upgrade our (i) cable and DSL networks by extending the fiber portion of our network, reducing the number of nodes per home passed and upgrading technical components of our network and (ii) mobile networks by building-out our UMTS-network and investing in LTE as well as maintaining agreements with third parties to share mobile networks. Over the last five years, we have increased our fiber deployment and upgraded a substantial part of our cable networks. For example, as of September 30, 2019, our cable networks are largely DOCSIS 3.0 enabled, which allows us to offer our customers high broadband internet access speeds and better HDTV services across our footprint. The Group has also accelerated the build-out of its 4G network over the last two years to have a market-leading mobile network in place (4G population coverage of 98.7% as of September 30, 2019). The Group also aims to continue the expansion of its fiber network in France and intends to capitalize on its past investments in improved fiber infrastructure. Moreover, SFR FTTH, an associate in which the Group owns a 50.01% interest, plans to expand its network in low density areas by approximately 5.0 million homes expected to be passed in the next four years.

For the last three years, the Group has incurred significant capital expenditure (between 22-23% of total consolidated revenues) in order to improve our mobile network and to roll out new fiber homes. Our accrued capital expenditure amounted to €1,676 million for the nine months ended September 30, 2019 and €1,660 million for the nine months ended September 30, 2018.

Competition

We face significant competition and competitive pressures in the French market. Moreover, our products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

With respect to its B2C activities, we face competition from telephone companies and other providers of DSL, VDSL2 and fiber network connections. With respect to pay TV services, we are faced with growing competition from alternative methods for broadcasting television services other than through traditional cable networks. For example, online content aggregators which broadcast over-the-top ("**OTT**") programs on a broadband network, such as Internet competitors Amazon, Apple, Google and Netflix, are expected to grow stronger in the future. Connected or 'smart' TVs facilitate the use of these services. With respect to the fixed line and mobile telephony markets, the industry has experienced a shift in usage from fixed line telephony to mobile telephony and we face intensive competition from established telephone companies, mobile virtual network operators ("**MVNOs**") and providers of new technologies such as VoIP.

In the French pay TV market, we compete with providers of premium television packages such as CanalSat, DSL 3P and/or 4P operators such as Orange, Free and Bouygues Telecom, which provide internet Protocol TV ("**IPTV**"), and providers of pay digital terrestrial television ("**DTT**"). In the broadband market, we compete primarily with xDSL, though increasingly with fiber providers such as Orange (the leading DSL provider in France), Free and Bouygues Telecom. Our competitors continue to invest in fiber network technology which has resulted in additional competition to its fiber-based services. In the French mobile telephony market, we compete with well-established mobile network operators such as Orange, Bouygues Telecom and Free, as well as other MVNOs such as La Poste.

In particular, price competition is significant since entry into the market by Free in early 2012 with low-priced no frills packages. Moreover, the competition in the fixed market has deteriorated recently with more aggressive promotions from competitors for longer periods, particularly at the low end of the market. Moreover, while the acceleration of our fiber deployment in France, notably expanding FTTH coverage in low-density and rural areas, could support better fiber subscriber trends as the addressable market for very high-speed broadband services expands, FTTH deployment by the our competitors could accelerate and the share of FTTH on the high-speed internet market could grow significantly thereby eliminating or reducing our fixed network advantage. In the wholesale market, we compete with established players (the incumbent Orange mainly), and with local operators (including Covage, and Altitude Telecom, among others).

In the competitive B2B data services market, price pressure has been strong. Conversely, the use of data transmission services has significantly increased. We are currently facing competition from software providers and other IT providers of data and network solutions, and the line between them and the suppliers of data infrastructure and solutions like us have become increasingly blurred. Partnerships between IT providers and infrastructure providers are becoming more and more common and are an additional source of competition but also an opportunity. Being able to face the competition efficiently depends in part on the density of the network, and certain competitors have a broader and denser network. In recent years, the B2B market has experienced a structural change marked by a move from traditional switched voice services to VoIP services.

Macroeconomic and Political Developments

Our operations are subject to macroeconomic and political risks that are outside of our control. For example, high levels of sovereign debt in France and certain European countries, combined with weak growth and high unemployment, could lead to low consumer demand, fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact our financial condition.

Debt Service Obligations

We have significant outstanding debt and debt services requirements and may incur additional debt in the future. See "*—Liquidity and Capital Resources—Cash and Debt Profile*" and "*—Risks Relating to Our Financial Profile*" below and "*Description of Indebtedness*" included elsewhere in this Notice. Our significant level of debt could have important consequences, including, but not limited to, our ability to invest in new technologies, products and content as well as restricting us from exploiting other business opportunities or making acquisitions. It could also increase our vulnerability to, and reduce our flexibility to respond to, adverse general economic or industry conditions. Our inability to make additional investments and acquisitions could also affect our ability to compete with other operators in the jurisdictions in which we operate. See *"Risk Factors—Risks Relating to the Group's Financial Profile—The Group's significant leverage could adversely affect its business, financial condition and results of operations and prevent the Group from fulfiling its debt obligations under the Notes or impede its ability to raise additional capital to fund our operations.*"

Fluctuations in Currency Exchange Rates and Interest Rates

Our reporting currency is Euros and most of our operations are conducted in Euros. We are exposed to the US Dollar and variable interest rates as part of our debt obligations. However, we have entered into hedging operations to mitigate risk related to variations in the US Dollar and a majority of our debt is fixed rate debt, thus reducing the risk of an increase in benchmark interest rates having a material impact on our interest obligations. See "*Quantitative and Qualitative Disclosures about Market Risk—Interest Rate and Related Risk*" and "*Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk*".

Key Operating Measures

We use several key operating measures, including number of cable/fiber homes passed, number of mobile subscribers and number of fixed-line subscribers to track the financial and operating performance of our business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. All of these measures are derived from our internal operating and financial systems. As defined by our management, these terms may not be directly comparable to similar terms used by competitors or other companies.

The table below details the Group's key operating data as of December 31, 2016, 2017 and 2018 and as of September 30, 2018 and 2019, respectively.

	As of and for the year ended December 31,			As of and for the nine months ended September 30,	
	2016	**2017**	**2018**	**2018[4]**	**2019[4]**
			(in thousand)		
Fiber/cable homes passed[1]	9,316	10,951	12,295	12,037	14,207
Fixed B2C					
Fiber/cable unique customers[2]	2,038	2,231	2,515	2,506	2,760
Fiber/cable customer net adds	209	193	284	216	186
Total fixed B2C unique customers	6,113	5,943	6,129	6,161	6,312
Total fixed B2C customer net adds	(254)	(171)	186	136	101
Mobile B2C					
Postpaid subscribers	12,327	12,535	13,530	13,555	14,205
Postpaid net adds	(267)	199	1,022	856	456
Prepaid subscribers	2,288	1,842	1,534	1,602	1,464
Total mobile B2C subscribers[3]	14,615	14,351	15,064	15,157	15,668

(1) Includes fiber/cable homes now passed by SFR FTTH. See "*Business of the Group—SFR FTTH*".

(2) Fiber/cable unique customers represents the number of individual end users who have subscribed for one or more of the Group's fiber/cable based services (including pay television, broadband or telephony), without regard to the number of services to which the end user subscribed. It is calculated on a unique premises basis. The total number of fiber/cable customers does not include subscribers to either the Group's mobile or ISP services. Fiber/cable customers for France excludes white-label wholesale subscribers.

(3) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks.

(4) Includes the operating data in relation to the FOT Business.

Key Income Statement Items

Revenue

Prior to January 1, 2018: the below is used for the purposes of the discussion for the year ended December 31, 2017 compared to the year ended December 31, 2016

Revenue consists of income generated from the delivery of fixed-based services to our B2C and B2B customers, mobile services to our B2C and B2B customers, wholesale and other services. Revenue is recognized at the fair value of the consideration received or receivable net of value added tax, returns, rebates and discounts and after eliminating intercompany sales within the Group.

B2C services: Revenue from B2C services consists of revenue from pay television services, including related services such as Video on Demand ("**VoD**"), broadband internet services, fixed-line telephony services, ISP services and mobile telephony services to our customers. This primarily includes (i) recurring subscription revenue for pay television services, broadband internet and fixed-line telephony (which are recognized in revenue on a straight-line basis over the subscription period), (ii) variable usage fees from VoD and fixed-line telephony calls (which are recognized in revenue when the service is rendered), (iii) installation fees (which are recognized in revenue when the service is rendered if consideration received is lower than the direct costs to acquire the contractual relationship), (iv) interconnection revenue received for calls that terminate on our cable or mobile networks, (v) recurring subscription revenue for our post-paid mobile services (which are recognized in revenue on a straight-line basis over the subscription period), (vi) revenue from purchases of our pre-paid mobile services (which are recognized in revenue when the service is rendered), (vii) variable usage fees for mobile telephony calls (which are recognized in revenue when the service is rendered) and (viii) revenue from the sale of handsets (which are recognized on the date of transfer of ownership).

B2B services: Revenue from B2B services is the same as the above fixed and mobile services, but for the business sector.

Wholesale services: Revenue from wholesale services primarily consists of revenues derived from renting our network infrastructure services, including IRUs and bandwidth capacity on its network, to other telecommunications operators, including mobile virtual network operations ("MVNOs") as well as related maintenance services.

Others: Revenue from our other services primarily consists of revenue from other businesses, such as (i) press activities, (ii) media content production and distribution, (iii) advertising, (iv) customer services, (v) technical services, and (vi) other activities that are not related to our core fixed or mobile businesses.

On and after January 1, 2018: the below is used for the purposes of the discussion for the year ended December 31, 2018 compared to the year ended December 31, 2017.

Impact of IFRS 15 (Revenue from Contracts with Customers)

In May 2014, the International Accounting Standards Board issued IFRS 15, which establishes a single comprehensive 5-step model to account for revenue arising from contracts with customers. IFRS 15 superseded all current revenue recognition guidance when it became effective for annual periods on January 1, 2018. The Group is required to retrospectively apply IFRS 15 to all contracts that are not complete on the date of initial application and has the option to either (i) restate each prior period and recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at the beginning of the earliest period presented or (ii) retain prior period figures as reported under the previous standards and recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application. The Group has decided to adopt IFRS 15 based on the full retrospective approach. As a result, the 2018 Financial Statements and the restated comparative period for the year ended December 31, 2017 give effect to the application of IFRS 15 for such periods.

The Group anticipates that the application of IFRS 15 may have had a material impact on the amounts reported and the disclosures made in its 2017 Financial Statements that have not been restated. The most significant effects of IFRS 15 on the Group's reporting are outlined below.

Mobile Activities: The most significant impact in the Group's mobile activities (B2C and B2B transactions) as some arrangements include multiple elements that are bundled, such as a discounted handset sale coupled with a communication service component. In applying IFRS 15, the Group has identified such bundled items as separate performance obligations. Total revenue has been allocated to both elements based on their standalone selling price, leading to more revenue being allocated to the handset up-front, even though total revenue would not change in most cases over the life of the contract. Other IFRS 15 impacts include (i) the capitalization of commissions which is broader than the current capitalization model, along with depreciation patterns which require estimates relating to contract duration in some instances and (ii) the impact of early termination and early renewals as well as contract modifications. Further, B2B transactions have been affected by variable considerations such as bonuses and, in some instances, the identification of options for additional handsets at discounted prices.

Fixed Activities: In most cases, fixed services and equipment are not be considered as distinct performance obligations. Additional services are examined separately. Connection fees, related costs and the capitalization of

commissions are also affected, including the determination of the depreciation period for capitalized assets based on the length of contractual periods and any additional periods related to anticipated contracts that the Group can specifically identify.

Wholesale Activities: No major impact has been identified except for the effect of any constraints on variable consideration.

Other Activities: No major impact has been identified so far on the Group's other revenue streams, such as content and media.

On and after January 1, 2019: the below is used for the purposes of the discussion for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

Fixed-based residential services: Revenue from fixed-based services consists of revenue from pay television services, including related services such as Video on Demand ("VoD"), broadband internet services, fixed-line telephony services and ISP services to our customers. This primarily includes (i) recurring subscription revenue for pay television services, broadband internet and fixed-line telephony (which are recognized in revenue on a straight-line basis over the subscription period), (ii) variable usage fees from VoD and fixed-line telephony calls (which are recognized in revenue when the service is rendered), (iii) installation fees (which are recognized in revenue when the service is rendered if consideration received is lower than the direct costs to acquire the contractual relationship) and (iv) interconnection revenue received for calls that terminate on our cable network.

Mobile residential activity: Revenue from mobile telephony services primarily consists of (i) recurring subscription revenue for our post-paid mobile services (which are recognized in revenue on a straight-line basis over the subscription period), (ii) revenue from purchases of our pre-paid mobile services (which are recognized in revenue when the service is rendered), (iii) variable usage fees for mobile telephony calls (which are recognized in revenue when the service is rendered), (iv) revenue from the sale of handsets (which are recognized on the date of transfer of ownership), and (v) interconnection revenue received for calls that terminate on our mobile network.

Business services: Revenue from wholesale services primarily consists of revenues derived from renting our network infrastructure services, including IRUs and bandwidth capacity on its network, to other telecommunications operators, including mobile virtual network operations ("MVNOs") as well as related maintenance services. Revenue from B2B services is the same as the above fixed and mobile services, but for the business sector. Business services also include revenues from our other services primarily consists of revenue from businesses such as (i) datacenter activities, (ii) content production and distribution, (iii) customer services, (iv) technical services, and (v) other activities that are not related to our core fixed or mobile businesses.

Equipment Sales: Revenue from equipment sales consist of revenue from sale of equipment in residential and business services.

Media: Revenues from the media activity include mainly advertising and subscription revenues derived from news, radio and printed press businesses.

Purchasing and subcontracting

Purchasing and subcontracting services consist of direct costs associated with the delivery of fixed-based services to our B2C and B2B customers, mobile services to our B2C and B2B customers, wholesale and other services.

Purchasing and subcontracting services associated with fixed-based services consist of all direct costs related to the (i) procurement of non-exclusive television content, royalties and licenses to broadcast, (ii) transmission of data services and (iii) interconnection costs related to fixed-line telephony. In addition, it includes costs incurred in providing VoD or other interactive services to subscribers and accounting variations arising from changes in inventories of customer premises equipment (such as modems, set-top boxes and decoders).

Purchasing and subcontracting services associated with mobile services consist primarily of mobile interconnection fees, including roaming charges and accounting variations arising from the changes in inventories of mobile handsets.

Purchasing and subcontracting services associated with wholesale primarily consist of costs associated with delivering wholesale services to other operators. Other purchasing and subcontracting services consist of the (i)

cost of renting space for datacenters (subject to certain exceptions), (ii) utility costs related to the operation of datacenters (such as power and water supply costs), (iii) in our technical services business, the cost of raw materials used in the technical activities related to the construction and maintenance of the network, cables for customer connections, etc., and sub-contractor fees associated with the performance of basic field work and the supervision of such sub-contractors, and (iv) direct costs related to our call centers operations, such as service expenses, telecom consumption subscriptions and energy costs, in our customer services functions.

Purchasing and subcontracting costs for our media business mainly consists of direct costs related to capacity rental for our TV and radio businesses.

Other operating expenses

Other operating expenses primarily consist of the following subcategories:

Customer service costs: Customer service costs include all costs related to billing systems, bank commissions, external costs associated with operating call centers, allowances for bad customer debts and recovery costs associated therewith.

Technical and maintenance: Technical and maintenance costs include all costs related to infrastructure rental, equipment, equipment repair, costs of external subcontractors, maintenance of backbone equipment and datacenter equipment, maintenance and upkeep of the fixed-based and mobile networks, costs of utilities to run network equipment and those costs related to customer installations that are not capitalized (such as service visits, disconnection and reconnection costs).

Business taxes: Business taxes include all costs related to payroll and professional taxes or fees.

General and administrative expenses: General and administrative expenses consist of office rent and maintenance, professional and legal advice, recruitment and placement, welfare and other administrative expenses.

Other sales and marketing expenses: Other sales and marketing expenses consist of advertising and sales promotion expenses, office rent and maintenance, commissions for marketers, external sales and storage and other expenses related to sales and marketing efforts.

Staff costs and employee benefit expenses

Staff costs and employee benefit expenses are comprised of all costs related to wages and salaries, bonuses, social security, pension contributions and other outlays paid to the Group employees.

Depreciation, amortization and impairment

Depreciation and amortization includes depreciation of tangible assets related to production, sales and administrative functions and the amortization of intangible assets. Impairment losses include the write-off of any goodwill or tangible and intangible assets that have been recognized on the acquisition of assets based upon a re-evaluation of the cash generating capacity of such assets compared to the initial valuation thereof.

Other expenses and income

Other expenses and income includes any one-off or non-recurring income or expenses incurred during the on-going financial year. This includes deal fees paid to external consultants for merger and acquisition activities, restructuring and other non-recurring costs related to those acquisitions or the business in general, any non-cash operating gains or losses realized on the disposal of tangible and intangible assets and management fees paid to related parties.

Financial income

Financial income consists of changes in the net fair value of the financial derivatives, gains from the disposal of financial assets, net exchange rate differences, and other financial income.

Cost of gross financial debt

Cost of gross financial debt includes interest expenses recognized on third party debt (excluding other long term liabilities, short term liabilities and other finance leases) incurred by the Group.

Other financial expenses

Other financial expenses include other financial expenses not related to the third party debt (excluding other long term liabilities and short term liabilities, other than finance leases) incurred by the Group. Such expenses primarily include interest costs of finance leases, variations in the fair value of non-hedged derivative instruments and the inefficient portion of hedged derivative instruments.

Share in net income/(loss) of associates

Share in net income/(loss) profit of associates consists of the net result arising from activities that are accounted for using the equity method in the consolidation perimeter of the Group.

Income tax income (expenses)

Income tax income (expenses) are comprised of current tax and deferred tax. Taxes on income are recognized in the income statement except when the underlying transaction is recognized in other comprehensive income, at which point the associated tax effect is also recognized under other comprehensive income or in equity.

Adjusted EBITDA

For periods prior to the application of IFRS 16, Adjusted EBITDA is defined as operating profit before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses. Following the application of IFRS 16, Adjusted EBITDA is defined as operating income before depreciation and amortization, non-recurring items (capital gains, non-recurring litigation, restructuring costs) and share-based expenses and after operating lease expenses (i.e., straight-line recognition of the rent expense over the lease term as performed under IAS 17 Leases for operating leases). As a result, Adjusted EBITDA presented in this Notice for periods from and after January 1, 2019 is comparable to Adjusted EBITDA for periods prior to January 1, 2019.

Adjusted EBITDA is unaudited and is not required by or presented in accordance with IFRS or any other generally accepted accounting standards. We believe that this measure is useful to readers of our financial as it provides them with a measure of the operating results which excludes certain items we consider outside of our recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding our operating results and cash flow generation that allows investors to better identify trends in its financial performance. Adjusted EBITDA should not be considered as a substitute measure for operating income and may not be comparable to similarly titled measures used by other companies.

Discussion and Analysis of Our Results of Operations

For the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018

The below table sets forth our consolidated statement of income for the nine months ended September 30, 2019 and 2018, in millions of Euros with the variation between the periods:

Consolidated Statement of Income (€m)	**September 30, 2019**	**September 30, 2018**	**Change**
Revenues	**7,811**	**7,560**	**3.3%**
Purchasing and subcontracting costs	(2,073)	(2,446)	(15.3)%
Other operating expenses	(1,357)	(1,687)	(19.6)%
Staff costs and employee benefits	(746)	(651)	14.5%
Depreciations, amortizations and impairments	(2,492)	(1,912)	30.3%
Other expenses and income	3,094	(324)	(1,053.7)%
Operating profit	**4,238**	**540**	**685.2%**
Finance income	3	5	(33.1)%
Interest relative to gross financial debt	(628)	(586)	7.3%

Realized and unrealized gains/(loss) on derivative instruments ..	(115)	1	(17,246.1)%
Other financial expenses	(192)	(81)	136.5%
Net result on extinguishment of financial liabilities	(79)	(145)	(45.5)%
Finance costs, net	**(1,011)**	**(806)**	**25.4%**
Share of earnings of associates and joint ventures	(121)	(9)	1,327.1%
Profit/(loss) before income tax from continuing operations	**3,106**	**(275)**	**(1,229.1)%**
Income tax benefit/(expenses)	(29)	(35)	(17.5)%
Profit/(loss) from continuing operations	**3,077.3**	**(310)**	**(1,093.2)%**
Profit/(loss) after tax from discontinuing operations	—		—
Profit/(loss)	**3,077**	**(310)**	**(1,093.2)%**
Attributable to equity holders of the parent	3,038	(308)	(1,086.8)%
Attributable to non-controlling interests	39	(2)	(2,087.2)%

Significant Events Affecting Historical Results

For the nine months ended September 30, 2019

Issuance of Existing 2025 Senior Secured Notes and Existing 2028 Senior Secured Notes

On September 30, 2019, Altice France issued $1,100 million aggregate principal amount of its 5.500% senior secured notes due 2028 (the "**Existing 2028 Senior Secured Dollar Notes**"), €1,000 million aggregate principal amount of its 3.375% senior secured notes due 2028 (the "**Existing 2028 Senior Secured Euro Notes**", together with the Existing 2028 Senior Secured Dollar Notes, the "**Existing 2028 Senior Secured Notes**") and €550 million aggregate principal amount of its 2.500% senior secured notes due 2025 (the "**Existing 2025 Senior Secured Notes**"). At the same time, the Group also restructured the swap instruments associated with the Existing 2024 Senior Secured Dollar Notes. The proceeds from this issuance (together with cash on hand) were used, among other things, to complete the redemption of the outstanding Existing 2024 Senior Secured Notes in full and make cash available to Altice Lux through a dividend, distribution and/or one or more upstream loans, the proceeds of which were used to redeem the outstanding Altice Lux 2022 Notes.

Redemption of Existing 2024 Senior Secured Notes

On June 10, 2019, the Group proceeded to partially reimburse its euro and dollar denominated notes due in 2024. An aggregate of €500 million and $560 million were reimbursed. The Group paid a call premium of €30 million as part of the redemption. The redemptions were treated as partial extinguishments of the debt instruments and per IFRS 9, unamortised transaction costs were recycled through the consolidated statement of income to the extent of the nominal repaid. The underlying derivative instruments were restructured as well.

On October 15, 2019 and October 16, 2019, the Group proceeded to reimburse the remainder of the Existing 2024 Senior Secured Notes for an aggregate euro equivalent amount of €1,489 million (excluding accrued interests and call premium) with the proceeds of the Existing 2025 Senior Secured Notes and Existing Senior Secured 2028 Notes. See "*—Post-Balance Sheet Date Events—Redemption of Existing 2024 Senior Secured Notes in full*"

Closing of the sale of 49.99% Interest in SFR FTTH

On November 30, 2018, Altice France entered into an exclusivity agreement with Piaf BidCo BV, an entity held by Allianz Capital Partners, AXA Infrastructure and OMERS Infrastructure, regarding the sale of an equity interest of 49.99% in SFR FTTH, an alternative FTTH infrastructure wholesale operator. The transaction closed on March 27, 2019, upon which €522 million total assets and 1.1 million total homes passed were transferred to SFR FTTH. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion. SFR FTTH is accounted for as an associate and hence will not be fully consolidated in the Group's financial statements and, accordingly, SFR FTTH's EBITDA and capital expenditures will not be consolidated in the Group's financial statements. In connection with this transaction, Altice France has entered into a commitment to purchase equity of SFR FTTH for cash in an aggregate amount not to exceed €68 million to the extent such cash amount is required by SFR FTTH to make certain utilizations under the 2019 SFT FTTH Senior Facilities Agreement.

In accordance with IFRS 5 (*Non-current Assets Held for Sale and Discontinued Operations*), assets intended for sale and liabilities related to assets held for sale were placed on specific line items in the statement of financial position for the amounts of €522 million as of December 31, 2018. The transaction closed on March 27, 2019.

The consideration received was €1.7 billion, based on a €3.4 billion equity value. The total capital gain recorded for the nine months ended September 30, 2019, was €3,204 million.

In the context of the network deployment and maintenance framework agreement between Altice France and SFR FTTH, the margin realized on downstream transactions (sales of assets from Altice France to SFR FTTH) are eliminated in the income statement up to the Altice France's share in SFR FTTH based on the provision of IAS 28 Investments in Associates and Joint Ventures. In the absence of precise IFRS guidance related to the geography of the margin elimination in the income statement, the Group elects to eliminate the margin in the caption Share of earnings of associates in the consolidated statement of income in counterpart of the caption Investment in associates in the statement of financial position. The margin elimination on those downstream transactions is reversed over the useful life of the assets in the same captions. See Notes 1.1 and 2.1 to the Unaudited Financial Statements.

Dividend Payments

On May 8, 2019, Altice France agreed to distribute a dividend of €820 million to its direct shareholders, Altice France Holdco, Altice Luxembourg FR bis S.à r.l. and Altice Europe ("**May Dividend**"). A portion of the May Dividend (€500 million) was paid in cash from proceeds received from the Hivory and SFR FTTH stake sales, while €320 million was used to offset upstream loans made by Altice France to its shareholders in January and February 2019.

On August 8, 2019, Altice France drew an additional €125 million under the Existing Revolving Credit Facilities, the proceeds of which were used by Altice France to pay a dividend to its controlling shareholders on August 14, 2019 (the "**August Dividend**"). The total proceeds of the August Dividend amounted to €1,050 million (consisting of (i) €750 million from the conversion of a short term treasury loan made in May 2019, (ii) €125 million in cash and (iii) a dividend consisting of debt of €175 million).

Financing flows with Altice Group entities

On May 8, 2019, Altice France provided a short term upstream loan to Altice France Holdco for an aggregate amount of €750 million. This loan has a maturity of less than one year and is remunerated at Eonia+30 bps. This short term loan was recorded in the line '*Other flows from financial activities*' in the consolidated statement of cash flows ("**May Upstream Loan**").

On June 10, 2019, the Group issued a new dollar denominated loan for an aggregate amount of $840 million (€745 million equivalent). This loan was fully subscribed by Altice Lux and bears interest at a rate of 10.75% (5.8572% swapped to euros). The proceeds from this issuance were used to partially redeem the Existing 2024 Senior Secured Notes. The debt was due to mature in February 2028 and subordinated to external bonds and term loans issued by the Group. On September 27, 2019, the Group fully redeemed the loan using a part of the proceeds from the issuance of the Existing Senior Secured 2028 Notes and the Existing 2025 Senior Secured Notes. The net impact of this issuance was recorded in the line "*Other flows from financial activities*" in the consolidated statement of cash flows.

On July 30, 2019, Altice France made a €175 million intercompany loan to its affiliate Altice Group Lux, which is a wholly owned subsidiary of Altice Europe, using the proceeds of drawings under the Existing Revolving Credit Facilities (the "**July Upstream Loan**").

On September 27, 2019, the Group made an upstream loan to Altice Lux for an aggregate amount of €93 million, using the proceeds from the issuance of the Existing Senior Secured 2028 Notes and the Existing 2025 Senior Secured Notes (the "**September Loan**").

Sale of majority stake in L'Express

On February 12, 2019, Altice France and Groupe L'Express S.A. ("**L'Express**") announced the potential sale by Altice France to News Participations S.A.S, a company controlled by Alain Weill, of a majority stake in L'Express. On July 19, 2019, the Board of Directors of Altice Europe approved the sale of a 51% equity stake to News Participations S.A.S. ("**News Participations**"), the remaining 49% of the share capital of L'Express being held by Altice Group Lux. Following the announcement and the finalization of the term sheet of the transaction at the end of June 2019, the related asset and liabilities have been classified as held for sale in accordance with IFRS 5 (*Non-Current Assets Held for Sale and Discontinued Operations*) as at June 30, 2019. The sale closed on July 30,

2019. News Participations paid a nominal consideration of €18,890 for the subscription to 1,889,000 preference shares B, granting 51% of the financial interests in L'Express. The disposal of L'Express has been definitively recorded as of September 30, 2019 with a net capital loss of €4 million in the caption "*Other expense and income*" in the income statement.

For the nine months ended September 30, 2018

Altice Group Reorganization

On January 8, 2018, Altice Europe announced the separation of Altice USA from Altice Europe. The separation was effected by a spin-off of Altice Europe's 67.2% interest in Altice USA through a distribution in kind to Altice Europe shareholders (the "**Spin-Off**"). Altice Europe announced completion of the Spin-Off on June 8, 2018. Following the Spin-Off, Altice N.V. changed its name to Altice Europe N.V. The Altice Europe Group will reorganize its structure comprising the Group, Altice International and Altice TV.

In connection with the reorganization, Altice Europe also announced that existing content wholesale contracts between the Group and AENS, a subsidiary of Altice TV, would be cancelled and replaced by a new revenue sharing contract with a lower guaranteed minimum amount payable by Altice France ("**AENS Contract Renegotiation**"), pursuant to which AENS received a break-fee of €300 million. This amount has been recorded as a restructuring expense by Altice France for the year ended December 31, 2018. As a consequence of the AENS Contract Renegotiation, the total commitments of the Group have decreased by €1.2 billion. Such decrease in commitments is reflected in the 2018 Financial Statements (representing the reduction in the minimum guaranteed amount over the life of the new content contracts entered into with AENS).

Altice Europe entered into an exclusivity agreement for the sale of its international wholesale voice carrier business

On March 12, 2018, Altice Europe and the Group announced that it had entered into an exclusivity agreement with Tofane Global, a Paris-based telecommunications and digital player specializing in international carrier services, for the sale of its international wholesale voice carrier business in France.

This transaction is part of the Group's non-core asset disposal program and is intended to strengthen the Group's long-term balance sheet position with a view to improving the operational and financial results of its key franchises.

The transfer of assets to SFR International Carrier Services and its sale to Tofane Global were finalized on September 12, 2018. The disposal price amounted to €21.3 million. The international wholesale voice carrier business contributed revenue of €113 million and €240 million and EBITDA of €7 million and €10 million in the years ended December 31, 2018 and 2017, respectively.

Exclusive Control over NextRadioTV S.A.

On April 5, 2018, Altice France acquired the minority interest held by News Participations S.A.S. in Altice Content Luxembourg S.A. for the amount of €100 million by exercising the call option it held on News Participation's 25% interest in Altice Content Luxembourg, following which Altice Content Luxembourg become a wholly-owned subsidiary of Altice France. Altice Content Luxembourg is an indirect parent of NextRadioTV S.A. ("**NextRadioTV**") and the direct parent of Group News Participations ("**GNP**").

On May 31, 2018, the Group consummated the acquisition of the remaining 51.0% interest in NextRadioTV (via a conversion of convertible bonds).

The Group has been consolidating the results of GNP in application of IFRS 10 since May 2016, hence this transaction does not have any impact on the financial statements, except for a reclassification of non-controlling interests to Group equity. The net negative impact of the operation was €30 million as shown in the statement of changes in equity.

In the event of a change in control, the French Labor Code (Article L.7112-5) allows journalists to activate a five-year Exit clause ("clause de cession"). As of December 31, 2018, the Group has recorded the associated financial risk for an amount of €5 million.

Acquisitions of Altice Customer Services and Altice Technical Services France

On May 16, 2018, the Group closed the acquisitions of Altice Customer Services and Altice Technical Services France.

Altice France acquired a 65.0% interest in the capital of Altice Customer Services from Altice International for a total consideration of €65 million. ACS contributed revenue of €27 million and EBITDA of €13 million for the period in 2018 since May 16, 2018.

The fair value of put and call options on the 35.0% minority interest, not held by Altice before the transaction, have been booked in equity for a negative amount of €24 million. Altice Customer Services comprises mainly of companies of the Intelcia group, a French language-focused player in the customer relations management outsourcing industry.

Altice France also acquired a 100% interest in Altice Technical Services France ("**ATSF**") from Altice International for a total consideration of €175 million. Altice Technical Services France is an all-round technical services company offering among others network deployment, upgrade and maintenance for the telecommunications industry. ATSF contributed revenue of €1 million and EBITDA of €9 million for the period in 2018 since May 16, 2018.

Refinancing of Existing 2022 Notes and restructuring of associated cross currency swaps

On July 31, 2018, Altice France issued $1,750 million aggregate principal amount of its $8^1/_8$% Senior Secured Notes due 2027 denominated in U.S. dollars, and (ii) €1,000 million aggregate principal amount of its $5^7/_8$% Senior Secured Notes due 2027 denominated in euro (together, the "**Existing 2027 Senior Secured Notes**"). Altice France also issued a USD term loan for a nominal amount of $2,500 million with an interest rate of three month LIBOR +4.00% due in 2026.

The proceeds from these issuances were used to fully redeem Altice France's $4,000 million 6% Senior Secured Notes due 2022 and €1,000 million 5.735% Senior Secured Notes due 2022 (together, the "**Existing 2022 Notes**"). The transactions were approved by the board of directors of Altice France on July 6, 2018 and were closed in August 2018. Additionally, cross currency interest rate swaps issued by the Altice France Group to hedge the dollar denominated debts were also restructured in order to reflect the new conditions of the new debt instruments.

As part of these transactions, the Group recorded a non-recurring expense of €145 million related to the restructuring of the debt and a net non-recurring expense of €8 million related to the restructuring of the cross currency swaps.

Revenue

For the nine months ended September 30, 2019, we generated total revenues of €7,811 million, a 3.3% increase compared to €7,560 million for the nine months ended September 30, 2018, mainly driven by an increase in our business services activity, which grew by 11.6% to €2,347 million and which was partially offset by a decline in our residential fixed revenues by 1.8% to €1,869 million.

From January 1, 2019, the Group has changed the way it presents the revenue split by activity in an effort to better present the underlying trends. The tables below set forth the Group's revenue by lines of activity which the Group operates for the nine months ended September 30, 2019 and September 30, 2018, respectively:

Revenues (€m)	**September 30, 2019**	**September 30, 2018**	**Change**
Residential – Fixed	1,869	1,903	(1.8)%
Residential – Mobile	2,637	2,610	1.0%
Business services	2,347	2,103	11.6%
Total Telecom excl. equipment sales	**6,853**	**6,616**	**3.6%**
Equipment sales	637	615	3.6%
Media	321	329	(2.4)%
Total	**7,811**	**7,560**	**3.3%**

Revenues for the Group's residential mobile services grew to €2,637 million for the nine months ended September 30, 2019 compared to €2,610 million for the nine months ended September 30, 2018. This trend was driven primarily by the impact of consecutive positive net-adds in the residential mobile market for the past five quarters and a stabilisation of market pricing, following a decrease in market competition. For the nine months ended September 30, 2019, the Group continued its positive net adds trend, adding 456,000 new residential mobile post-paid customers (compared to net adds of 856,000 for the nine months ended September 30, 2018), as a result of an improved customer experience and anti-churn measures implemented at the end 2017. Comparing to the first quarter of 2018, residential mobile revenue was also impacted by the loss of favourable VAT treatment on telecom/press bundles (ended in February 2018).

The Group's residential fixed activity revenues decreased by 1.8% from €1,903 million for the nine months ended September 30, 2018 to €1,869 million for the nine months ended September 30, 2019. This decrease was mainly due to customer losses experienced in previous quarters (consecutive losses throughout 2017) and the loss of favourable VAT treatment on audiobook bundling and partly impacted by more intense market competition following SFR's successful churn reduction and more proactive retention activity. For the nine months ended September 30, 2019, the Group added 101,000 new residential fixed customers (compared to 136,000 net-adds for the nine months ended September 30, 2018), with 186,000 fibre net adds for the nine months ended September 30, 2019. Residential fixed revenue was also impacted by the loss of favourable VAT treatment on telecom/press bundles (ended in February 2018).

Revenues from our business services activity grew by 11.6% to reach €2,347 million for the nine months ended September 30, 2019 compared to €2,103 million for the nine months ended September 30, 2018. This revenue growth was mainly due to the inclusion of revenues for the full nine months from our technical services, customer services and overseas territories businesses (€186 million), which were not included in the revenues for the nine months ended September 30, 2018.

Equipment revenues grew by 3.6% from €615 million for the nine months ended September 30, 2018 to €637 million for the nine months ended September 30, 2019, mainly driven by the uptake of higher end smartphones by customers in 2019 compared to the comparable period in 2018.

Revenues from the Group's media activities totalled €321 million for the nine months ended September 30, 2019, a 2.4% decrease as compared to €329 million for the nine months ended September 30, 2018. This decrease was driven by continued growth of radio/television business, which grew by 14% (from €235 million for the nine months ended September 30, 2018 to €268 million for the nine months ended September 30, 2019), offset by a decline in our printed press business.

Adjusted EBITDA

For the nine months ended September 30, 2019, our Adjusted EBITDA was €3,080 million, an increase of 11.0% compared to €2,776 million for the nine months ended September 30, 2018. A reconciliation from operating income to adjusted EBITDA is presented below. This increase was mainly due to the increase in revenues as explained above and a decrease in customer service and maintenance costs, partially offset by an increase in content and staff costs.

Purchasing and subcontracting: Purchasing and subcontracting costs decreased by 15.3%, from €2,073 million in the nine months ended September 30, 2018 to €2,446 million in the nine months ended September 30, 2019, primarily driven by a decrease in interconnection costs.

Other operating expenses: Other operating expenses decreased by 19.6% to €1,357 million in the nine months ended September 30, 2019 from €1,688 million in the nine months ended September 30, 2018, driven mainly due to a decrease in customer service (related to decreasing churn and hence a lower volume of call center activity) and sales and marketing costs (lower commercial activity driven by a relative stability in market prices), which was offset by an increase in business taxes (mainly related to the introduction of an IFER for the mobile business).

Staff costs and employee benefit expenses: Staff costs and employee benefit expenses increased by 14.5%, from €651 million in the nine months ended September 30, 2018 to €746 million in the nine months ended September 30, 2019, mainly driven by the inclusion of staff costs of our technical services and customer services entities, as well as for our FOT business (these entities contributing partially for the nine months ended September 30, 2018).

Reconciliation of operating income to Adjusted EBITDA

Operating Profit (€m)	September 30, 2019	September 30, 2018	Change
Revenues	**7,811**	**7,560**	**3.3%**
Purchasing and subcontracting costs	(2,073)	(2,446)	(15.3)%
Other operating expenses	(1,357)	(1,688)	(19.6)%
Staff costs and employee benefits	(746)	(651)	14.5%
Total	**3,636**	**2,775**	**31.0%**
Share-based expenses	3	1	377.4%
Rental expense operating lease	(558)	—	—
Adjusted EBITDA	**3,080**	**2,776**	**11.0%**
Depreciation, amortization and impairment[(a)]	(2,492)	(1,912)	30.3%
Share-based expenses	(3)	(1)	377.4%
Other expenses and income[(b)]	3,094	(324)	(1,056.2)%
Rental expense operating lease	558	—	—
Operating profit	**4,238**	**540**	**685.2%**

(a) In 2019, this amount includes the depreciation, amortization and impairment related to rights of use (€542 million), following the adoption of IFRS 16;

(b) For the nine months ended September 30, 2019, mainly includes the capital gain (income) due to the loss of control in SFR FTTH (€3,203.8 million), compared to an expense related to the break-up fee with AENS (€300 million) for the nine months ended September 30, 2018.

Depreciation, amortization and impairment

For the nine months ended September 30, 2019, depreciation and amortization totalled €2,492 million, a 30.3% increase compared to €1,912 million for the nine months ended September 30, 2018. The increase was mainly due to the amortisation impact of customer acquisition cost assets created as part of the application of IFRS 15 and the first time implementation of IFRS 16 from January 1, 2019. Depreciation, amortization and impairment of right of use assets recorded under IFRS 16 amounted to €542 million for the nine months ended September 30, 2019. For the nine months ended September 30, 2018, due to the first time application of IFRS 15 and absence of IFRS 16, there was no such amortisation/impairment impact.

Other expenses and income

For the nine months ended September 30, 2019, our other expenses and income amounted to an income of €3,094 million, a 1,056.1% increase compared to an expense of €324 million for the nine months ended September 30, 2018. A detailed breakdown of other expenses income is provided below:

Other expenses and income (€m)	September 30, 2019	September 30, 2018	Change
Net restructuring costs[(1)(2)(3)]	(7)	(5)	49. 7%
Litigation[(1)(2)(3)]	14	99	(85.6)%
Gain and loss on disposal of property, plant, equipment and intangible assets[(1)(2)(3)]	(8)	19	(143.0)%
Other (net) [(1)(2)(3)]	3,095	(438)	(806.8)%
Other expenses and income[(1)(2)(3)]	**3,094**	**(324)**	**(1,056.1)%**

(1) Net restructuring costs mainly include costs related to provisions for employee redundancies as part of the voluntary departure plan launched in 2017. For the six month period ended September 30, 2019, we recorded an expense of €7 million related to external costs from the departure plan initiated in our printed press business and external costs related to our telecom departure plan.

(2) For the nine months ended September 30, 2018, we recorded a reversal in provision for certain litigation with Orange for an aggregate amount of €121 million. We also recorded a reversal for certain provisions for the nine months ended September 30, 2019, which accounted for the income of €14 million for the nine months ended September 30, 2019.

(3) For the nine months ended September 30, 2019, we recorded a capital gain related to the divestment of a 49.99% stake in SFR FTTH for an aggregate amount of €3,204 million. For the nine months ended September 30, 2018, we recorded other non-recurring expenses of €438 million, which were mainly related to the booking of the content break fee (€300 million).

Finance costs (net)

Net finance costs amounted to €1,011 million for the nine months ended September 30, 2019, registering an increase of 25.4% compared to €806 million for the nine months ended September 30, 2018. A detailed breakdown of net financial expense is provided below:

Financial Income (€m)	September 30, 2019	September 30, 2018	Change
Interest relative to gross financial debt	**(628)**	**(586)**	**7.3%**
Realized and unrealized gains/(loss) on derivative instruments linked to financial debt	**(115)**	**1**	**(17,246.1)%**
Finance income	**3**	**5**	**(33.1)%**
Provisions and unwinding of discount	(2)	(18)	(87.5)°%
Interest related to lease liabilities	(90)	—	—
Other	(99)	(63)	58.5%
Other financial expenses	**(192)**	**(81)**	**136.5%**
Net result on extinguishment of a financial liability	**(79)**	**(145)**	**(45.5)%**
Finance costs, net	**(1,011)**	**(806)**	**25.4%**

Cost of gross financial debt

The interest relative to gross financial debt increased from €585 million for the nine months ended September 30, 2018 to €744 million for the nine months ended September 30, 2019. This increase was mainly driven by an increase in our cost of debt related to the refinancing from July and August 2018 (€43 million) (increase in nominal of €215 million) and a negative variation in the fair value of derivative instruments that are recorded through the statement of income (€116 million, which includes the FX loss of €42 million on the redemption of Existing 2024 Senior Secured Notes). For the nine months ended September 30, 2019, all fees related to refinancing were restated to the line item "*Net result on extinguishment of a financial liability.*"

Other financial expenses

For the nine months ended September 30, 2019, the other financial expenses line item includes the accrued interest and realised FX loss of €48 million on the redemption of the loan subscribed by Altice Lux for an aggregate amount of $840 million.

Share in net income (loss) of associates

For the nine months ended September 30, 2019, our share of loss of associates amounted to €121 million, compared to €9 million for the nine months ended September 30, 2018. For the nine months ended September 30, 2019, we recorded an elimination of the margin on the construction business with SFR FTTH to the extent of the Group's shareholding (50.01%).

Income tax income (expense)

For the nine months ended September 30, 2019, we recorded an income tax expense of €29 million compared to an expense of €35 million for the nine months ended September 30, 2018. The decrease is due to higher income tax expense recorded for the nine month period ended September 30, 2019, partially offset by a higher deferred tax income recognised in the nine months ended Sep 30, 2019 compared to the nine months ended September 30, 2018.

For the year ended December 31, 2018 compared to the year ended December 31, 2017

The below table sets forth our consolidated statement of income for the year ended December 31, 2018 and 2017, in millions of Euros:

	December 31, 2018[1]	December 31, 2017 (restated)[1]	Change
	(in € millions)		
Revenues	**10,187**	**10,820**	***(5.9)%***
Purchasing and subcontracting	(3,383)	(4.026)	*(16.0)%*

	December 31, 2018[1]	December 31, 2017 (restated)[1]	Change
	(in € millions)		
Other operating expenses	(2,171)	(2,290)	*(5.2)%*
Staff costs and employee benefit expenses	(930)	(877)	*6.0%*
Depreciation, amortization and impairment	(2,601)	(2,781)	*(6.5)%*
Non-recurring income and expenses	(591)	(980)	*(39.6)%*
Operating income	**512**	**(134)**	***(483.4%)***
Financial income	9	209	*(95.7)%*
Cost of gross financial debt	(832)	(1,099)	*(24.4%)*
Other financial expenses	(253)	(177)	*42.5%*
Net financial income (expense)	**(1,075)**	**(1,068)**	***0.7%***
Share in net income (loss) of associates	(13)	(11)	*18.5%*
Income (loss) before taxes	**(576)**	**(1,212)**	***(52.5)%***
Income tax income (expense)	99	428	*(76.8)%*
Net income (loss) from continuing operations	**(477)**	**(784)**	***(39.2)%***
Net income (loss)	**(477)**	**(784)**	***(39.2)%***
Group share	(476)	(762)	*(37.5)%*
Non-controlling interests	(1)	(22)	*(96.9)%*

(1) The Group has adopted IFRS 15 effective from January 1, 2018. The Historical Consolidated Financial Information for the year ended December 31, 2018 reflects the change in accounting standard. The consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS 15. The financial information for the other periods presented have not been restated for the impacts of IFRS 15. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements for more information.

Significant Events Affecting Historical Results

For the year ended December 31, 2018

Altice Group Reorganization

On January 8, 2018, Altice Europe announced the separation of Altice USA from Altice Europe. The separation was effected by a spin-off of Altice Europe's 67.2% interest in Altice USA through a distribution in kind to Altice Europe shareholders (the "**Spin-Off**"). Altice Europe announced completion of the Spin-Off on June 8, 2018. Following the Spin-Off, Altice N.V. changed its name to Altice Europe N.V. The Altice Europe Group will reorganize its structure comprising the Group, Altice International and Altice TV.

In connection with the reorganization, Altice Europe also announced that existing content wholesale contracts between the Group and AENS, a subsidiary of Altice TV, would be cancelled and replaced by a new revenue sharing contract with a lower guaranteed minimum amount payable by Altice France ("**AENS Contract Renegotiation**"), pursuant to which AENS received a break-fee of €300 million. This amount has been recorded as a restructuring expense by Altice France for the year ended December 31, 2018. As a consequence of the AENS Contract Renegotiation, the total commitments of the Group have decreased by €1 billion. Such decrease in commitments is reflected in the 2018 Financial Statements (representing the reduction in the minimum guaranteed amount over the life of the new content contracts entered into with AENS).

Altice Europe entered into an exclusivity agreement for the sale of its international wholesale voice carrier business

On March 12, 2018, Altice Europe and Altice France announced that it had entered into an exclusivity agreement with Tofane Global, a Paris-based telecommunications and digital player specializing in international carrier services, for the sale of its international wholesale voice carrier business in France.

This transaction is part of the Group's non-core asset disposal program and is intended to strengthen the Group's long-term balance sheet position with a view to improving the operational and financial results of its key franchises.

The transfer of assets to SFR International Carrier Services and its sale to Tofane Global were finalized on September 12, 2018. The disposal price amounted to €21 million. The international wholesale voice carrier business contributed revenue of €113 million and €240 million and EBITDA of €7 million and €10 million in the years ended December 31, 2018 and 2017, respectively.

Exclusive Control over NextRadioTV S.A.

On April 5, 2018, Altice France acquired the minority interest held by News Participations S.A.S. in Altice Content Luxembourg S.A. for the amount of €100 million by exercising the call option it held on News Participation's 25% interest in Altice Content Luxembourg, following which Altice Content Luxembourg become a wholly-owned subsidiary of Altice France. Altice Content Luxembourg is an indirect parent of NextRadioTV S.A. ("**NextRadioTV**") and the direct parent of Group News Participations ("**GNP**").

On May 31, 2018, the Group consummated the acquisition of the remaining 51.0% interest in NextRadioTV (via a conversion of convertible bonds).

The Group has been consolidating the results of GNP in application of IFRS 10 since May 2016, hence this transaction does not have any impact on the financial statements, except for a reclassification of non-controlling interests to Group equity. The net negative impact of the operation was €30 million as shown in the statement of changes in equity.

In the event of a change in control, the French Labor Code (Article L.7112-5) allows journalists to activate a five-year Exit clause ("clause de cession"). As of December 31, 2018, the Group has recorded the associated financial risk for an amount of €5 million.

Acquisitions of Altice Customer Services and Altice Technical Services France

On May 16, 2018, the Group closed the acquisitions of Altice Customer Services and Altice Technical Services France.

Altice France acquired a 65.0% interest in the capital of Altice Customer Services from Altice International for a total consideration of €65 million. ACS contributed revenue of €27 million and EBITDA of €13 million for the period in 2018 since May 16, 2018.

The fair value of put and call options on the 35.0% minority interest, not held by Altice before the transaction, have been booked in equity for a negative amount of €24 million. Altice Customer Services comprises mainly of companies of the Intelcia group, a French language-focused player in the customer relations management outsourcing industry.

Altice France also acquired a 100% interest in Altice Technical Services France ("**ATSF**") from Altice International for a total consideration of €175 million. Altice Technical Services France is an all-round technical services company offering among others network deployment, upgrade and maintenance for the telecommunications industry. ATSF contributed revenue of €1 million and EBITDA of €9 million for the period in 2018 since May 16, 2018.

Redemption of Existing 2022 Notes

On July 31, 2018, Altice France issued $1,750 million aggregate principal amount of its $8^{1}/_{8}$% Senior Secured Notes due 2027 denominated in U.S. dollars, and (ii) €1,000 million aggregate principal amount of its $5^{7}/_{8}$% Senior Secured Notes due 2027 denominated in euro (together, the "**Existing 2027 Senior Secured Notes**"). On August 14, 2018, Altice France also issued a USD term loan for a nominal amount of $2,500 million with an interest rate of three month Libor +4.00% due in 2026.

The proceeds from these issuances were used to fully redeem Altice France's $4,000 million 6% Senior Secured Notes due 2022 and €1,000 million 5.735% Senior Secured Notes due 2022 (together, the "**Existing 2022 Notes**"). The transactions were approved by the board of Altice France on July 6, 2018 and were closed in August 2018. Additionally, cross currency interest rate swaps issued by the Group to hedge the dollar denominated debts were also restructured in order to reflect the new conditions of the new debt instruments.

As part of these transactions, the Group recorded a non-recurring expense of €149 million related to the restructuring of the debt and a net non-recurring expense of €8 million related to the restructuring of the cross currency swaps. See Note 25 of the 2018 Financial Statements for more information.

Acquisition of Altice Europe's FOT Business

On October 31, 2018, the Group completed the acquisition of a controlling interest in the FOT Business, an indirect subsidiary of Altice Europe, through which the Group conducts its business in the French Overseas Territories. The total consideration transferred amounted to €476 million. This operation was treated as an acquisition under common control and hence no goodwill was created as part of this transaction. The FOT Business contributed revenue of €36 million and Adjusted EBITDA of €15 million for the period in 2018 since October 31, 2018.

Sale of a 49.99% Interest in SFR FTTH

On November 30, 2018, Altice France entered into an exclusivity agreement with Piaf BidCo BV, an entity held by Allianz Capital Partners, AXA Infrastructure OMERS Infrastructure regarding the sale of a equity interest of 49.99% in SFR FTTH, an alternative FTTH infrastructure wholesale operator. The transaction closed on March 1, 2019. See "—*Post-Balance Sheet Date Events*". SFR FTTH is accounted for as an associate and hence will not be fully consolidated in the Group's financial statements.

In accordance with IFRS 5 (*Non-current Assets Held for Sale and Discontinued Operations*), assets intended for sale and liabilities related to assets held for sale were placed on specific line items in the statement of financial position for the amounts of €522 million as of December 31, 2018; since the impact on the statement of income and the statement of cash flows is not substantial, these statements were not restated.

For the year ended December 31, 2017

Decision of the French Competition Authority against the Altice Europe Group and the Group

By Decision No. 14 DCC 150, dated October 30, 2014, the French Competition Authority authorized the Group to take exclusive control of SFR. This authorization was subject to a certain number of commitments, including those subject to the procedure initiated by the Competition Authority relating to the performance of a joint investment agreement entered into by SFR and Bouygues Telecom on November 9, 2010 (the "Faber Agreement"). Under the terms of the Faber Agreement, SFR and Bouygues Telecom committed to jointly invest in the rollout of a horizontal fiber optic network in a defined number of towns and districts located in high density areas.

Although the Group already had very high speed capabilities through its FTTB cable network, the French Competition Authority considered that the takeover of SFR by the Group may cast doubt over SFR's incentive to honor its commitments to its joint investors, and in particular to Bouygues Telecom under the Faber Agreement. To address this potential risk, the French Competition Authority requested that commitments be made to guarantee that the new group would supply the buildings requested by Bouygues Telecom under the Faber Agreement. These commitments covered three main points:

1. The obligation to provide distribution services for all termination points delivered as of October 30, 2014 within two years;

2. The drafting of a rider to the Faber Agreement allowing Bouygues Telecom to order a list of buildings of its choice for the distribution to termination points delivered after October 30, 2014 within three months (excluding performance constraints); and

3. The provision of maintenance for the FTTH infrastructure in a transparent and non-discriminatory manner using certain quality indicators.

By Decision No. 15 SO 14, dated October 5, 2015, the French Competition Authority opened an inquiry to determine whether the Altice Europe Group and the Group are complying with these commitments.

By Decision No. 17 D04, dated March 8, 2017, the French Competition Authority decided to levy a financial sanction of €40 million against the Altice Europe Group and the Group and imposed periodic penalty payments for not having respected the commitments set out in the Faber Agreement. This amount was recognized in the Group's financial statements as of March 31, 2017 and was paid over the second quarter of 2017.

A summary was lodged on April 13, 2017 before the French Supreme Court (*Conseil d'état*). The judge in chambers of the Council of State stated that there was no matter to be referred. On September 28, 2017, the French

Supreme Court rejected the request of the Altice Europe Group and the Group to cancel the French Competition Authority's decision.

Decision of the Administrative Court regarding the penalty to pay for €97 million by Sequalum to the department of Hauts-de-Seine

Pursuant to two decisions rendered on March 16, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum, a subsidiary of the Group, regarding two enforcement measures issued by the department of Hauts-de-Seine in respect of penalties in the amounts of €52 million and €45 million. Sequalum appealed these decisions before the Administrative Court of Versailles. Following the dismissal by the Administrative Court of Versailles, the penalties were paid to the "Tresor Public" in July 2017.

Restructuring

On August 4, 2016, the Group's management and some representative unions of the Group's telecom division signed an agreement to allow the Group to adapt more quickly to the demands of the telecom market by building a more competitive and efficient organization. This agreement reaffirmed the commitments made at the time of the SFR Acquisition to maintain jobs until July 1, 2017 and defined the internal assistance guarantees and the conditions for voluntary departures implemented in the second half of 2016. This agreement set out three steps:

1. the reorganization of retail stores, presented to the staff representatives on September 2016, resulting in a voluntary departure plan as of the fourth quarter of 2016 and accompanied by a change in channel distribution and the closing of stores;

2. the preparation of a new voluntary departure plan to be launched in July 2017, preceded by a possibility for employees who wanted to benefit from this plan to request suspension of their employment contract in the fourth quarter of 2016 in order to pursue their professional plans outside of the Group; and

3. a period between July 2017 and June 2019 during which employees could also benefit from a voluntary departure plan under conditions to be defined.

The Group made a commitment that its telecoms division would have no fewer than 10,000 employees during this period.

The first phase of this agreement, namely the reorganization of retail stores, ended in March 2017 with the validation of approximately 800 employee departures. By December 2017, a residual amount of €8 million was recognized for restructuring of retail stores in provisions. The amount paid as of December, 31, 2017 was €87 million and the amount recorded in payables was €21 million at the end of December 31, 2017.

Furthermore, the GPEC Group Agreement was signed on February 1, 2017 by a majority of the representative unions of the Group's telecoms division. It specified the external mobility scheme offered to the employees for the period prior to September 30, 2017. As of September 30, 2017, 1,360 employees benefited from GPEC's "Mobilité Volontaire Sécurisée" plan, and benefited in priority from the voluntary departure plan.

Finally, the "Livre 2", a legally binding document that described the target organization of the Group's telecoms division was delivered to the representative unions on April 3, 2017. The validation commissions began in July. The plan ended in November 2017 (except for SRR) with the validation of approximately 3,200 employee departures. We recognized restructuring costs of €700 million relating to this plan in the year ended December 31. 2017.

Refinancing of loans

On April 18, 2017, the Group raised new term loans in order to refinance a portion of its existing term loans. The Group refinanced two existing tranches, term loan B7 (denominated in US Dollars) and term loan B9 (denominated in Euros) by issuing two new tranches, term loan B11 (denominated in US Dollars) and term loan B11 (SG) (denominated in Euros). At the time of the refinancing, the amount outstanding under term loan B7 was US$1,414 million and the amount outstanding under term loan B9 was €296 million. The amounts outstanding under the new term loans amounted to US$1,420 million and €300 million. Ypso France S.A.S., as borrower under certain of the existing term loans, refinanced existing term loan B7 (denominated in Euros) with a new term loan

B11 (YF) (denominated in Euros). At the time of the refinancing, the amount outstanding under existing term loan B7 was €843 million. The amount outstanding under the new term loan B11 amounted to €845 million.

These refinancings allowed the Group to extend the maturities of certain existing term loans. These refinancings also allowed the Group to reduce the cost of certain existing term loans.

From an accounting standpoint, these operations were treated as a non-substantial modification of the existing debt and therefore the issuance costs capitalized in previous periods were rolled over onto the new debt as per IAS 39. Following these improvements in the terms of the Group's existing debt, the average debt maturity was extended from 7.0 to 7.3 years and the weighted average cost of debt decreased from 5.2% to 4.9%. As there was no significant change in the outstanding amounts due under the existing debt denominated in US Dollars before and after the refinancing, there have been no changes to the Group's hedging instruments.

On October 9, 2017, the Group successfully priced €3 billion (equivalent) of new 8.25-year term loans. Proceeds were used to refinance the Group's €697 million and $1.8 billion term loans due 2025, and to repay €600 million of commercial paper.

These refinancings allowed the Group to extend the maturities of certain existing term loans.

The average maturity of the Group's capital structure was extended from 6.8 to 7.2 years and the weighted average cost of debt decreased to 4.7%. This refinancing was treated as an extinguishment of financial instruments and issuance costs capitalized in prior periods were expensed via the consolidated statement of income. See Note 11 to the English language translation of the Group's audited consolidated financial statements as of and for the year ended December 31, 2017.

Closing of the sale of the B2B Press activity

On April 28, 2017, the Group completed the sale of the companies from Newsco's B2B activities and L'Etudiant to the holding company Coalition Media Group. The Group subsequently acquired a 25% interest in this holding. As part of the transaction, the vendor loan contracted during the acquisition of the AMGF Group for €100 million was fully reimbursed. The Group recorded a €28 million capital gain.

In accordance with IFRS 5 (*Non-current Assets Held for Sale and Discontinued Operations*), assets intended for sale and liabilities related to assets held for sale were placed on specific line items in the statement of financial position as of December 31, 2016 for the amounts of €59 million and €46 million respectively; given that the impact on the statement of financial performance and the statement of cash flows is not substantial, these statements were not restated as of December 31, 2016.

Altice Europe rebranding

During the second quarter of 2017, Altice Europe announced its new branding strategy which was expected to represent the transformation of the Altice Europe Group from a holding company with a collection of different assets and brands around the world to the establishment of one unified group with one single brand, Altice. The Altice name, brand and new logo was expected to replace the current brands within Altice Europe's subsidiaries.

It was expected that the Group's brand would have completed the transition process by the end of the second quarter of 2018. B2B brands were expected to become Altice Business. Some telecom brands (Red, Next TV), media brands (i24News, BFMTV, RMC Sport Access) and press brands (Libération, L'Express) were expected to be maintained.

The board meeting held on May 22, 2017 approved the new brand proposed by Altice Europe. Considering the SFR brand's residual useful life, the Group applied an accelerated amortization on the SFR brand in its half year financial statements. However, in December 2017, Altice Europe's board of directors made a decision to postpone the adoption of the global brand, increasing the useful life of the local trade name intangible asset to 5 years, which will reduce the future annual amortization expense related to the local brand trade name. The amortization expense amounts €453 million as of December 31, 2017 compared to €70 million in the absence of accelerated amortization.

Repricing of certain derivative instruments

In July 2017, the Group monetized a part of the latent gains in certain derivative financial instruments through the repricing and extension of the maturity of these financial instruments. An aggregate amount of US$2,150.5 million, initially exchanged at a rate of 1.3827 (EUR/US Dollar), was repriced to an average rate of 1.223 (EUR/US Dollar), with an extension of maturity from 2022 to 2025. As a result of the repricing, the Group recognized a financial gain of €203 million against a cash payment for the same amount. The repriced swaps (with the exception of one swap) were requalified for hedge accounting following the transactions.

Tax dispute related to VTI

In December 2014, the tax authorities contested the merger of Vivendi Telecom International ("**VTI**") and SFR in December 2011 and intended to challenge SFR's inclusion in the Vivendi tax consolidation group for the fiscal year ended 2011. The proposed assessment was cancelled in November 2017. A provision of €43 million was recorded as of December 31, 2017.

Revenue

For the year ended December 31, 2018, we generated total revenues of €10,187 million, a 5.9% decrease compared to €10,820 million for the year ended December 31, 2017. The decrease in revenues was primarily due to a decrease in revenue from our telecommunication activities, and a decrease in our media activities due to the exclusion in 2018 of revenues from press businesses sold during the year 2017.

The tables below set forth the Group's revenue by lines of activity which the Group operates for the year ended December 31, 2018 and December 31, 2017, respectively:

	December 31, 2018[(1)]	**December 31, 2017 (restated)[(1)]**	**Change**
		(in € millions)	
Mobile services	3,907	4,158	*(6.0)%*
Mobile-equipment sales	773	773	*(0.0)%*
Fixed	3,793	4,084	*(7.1)%*
Wholesale	1,189	1,289	*(7.7)%*
Media	463	516	*(10.3)%*
Other	62	—	—
Total	**10,187**	**10,820**	**(5.9)%**

(1) The Group has adopted IFRS 15 effective from January 1, 2018. The Historical Consolidated Financial Information for the year ended December 31, 2018 reflects the change in accounting standard. The consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS 15. The financial information for the other periods presented have not been restated for the impacts of IFRS 15. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements for more information. For the year ended December 31, 2017, the impacts of IFRS 15 on the Group's revenues were €(95) million.

Mobile services: Revenues for the Group's mobile services decreased from €4,158 million for the year ended December 31, 2017 to €3,907 million for the year ended December 31, 2018, a 6.0% decrease. This decrease was driven primarily by continued pricing pressure on mobile offers for our B2C base, impacts of customer loss from previous quarters in 2017, and the repricing of the B2B mobile base in Q2 2017 having a full year impact in 2018. Residential mobile revenue was also impacted by the loss of favorable VAT treatment on telecom/press bundles (ended in February 2018). For the year ended December 31, 2018, the Group added approximately 1,012,000 new mobile B2C customers (compared to approximately 199,000 for the year ended December 31, 2017), as a result of an improved customer experience and anti-churn measures implemented in the end of 2017. B2B mobile net-adds remained negative during the period ((54,000) for the year ended December 31, 2018 compared to (76,000) for the year ended December 31, 2017), following measures taken from the first half of 2017 onwards to correct back book price reductions.

Mobile equipment: Mobile equipment revenues remained flat at €773 million for the year ended December 31, 2018 compared to the full year ended December 31, 2017.

Fixed: The Group's fixed activity revenues decreased by 7.1% from €4,084 million for the year ended December 31, 2017 to €3,793 million for the year ended December 31, 2018. This decrease was mainly due to customer

losses experienced in previous quarters in 2017 and partly impacted by more intense market competition following SFR's successful churn reduction and more proactive retention activity. B2C fixed revenue was also impacted by the loss of favorable VAT treatment on telecom/press bundles (ended in February 2018). For the year ended December 31, 2018, the Group added approximately 186,000 new B2C fixed customers (compared to 171,000 losses in the year ended December 31, 2017), with 284,000 fiber net adds (offset by 116,000 losses in ADSL customers).

Wholesale: Wholesale revenues decreased by 7.7% to €1,189 million for the year ended December 31, 2018 from €1,289 million for the year ended December 31, 2017. The decrease was primarily due to a decrease in revenues from MVNO operators and a decline in the international wholesale voice business.

Media: Revenues from the Group's media activities totaled €463million for the year ended December 31, 2018, a 10.3% decrease as compared to €516 million for the year ended December 31, 2017. This decrease was driven by the sale of certain press businesses in the second half of 2017, thus impacting 2018 revenues. The news and television part of our media businesses grew by 16.9% to reach €347 million for the year ended December 31, 2018, compared to €297 million for the year ended December 31, 2017. This growth was driven by larger audiences and ad revenues from our BFM and RMC brand channels.

Adjusted EBITDA

For the year ended December 31, 2018, our Adjusted EBITDA was €3,706 million, an increase of 1.9% compared to the year ended December 31, 2017 (€3,637 million). A reconciliation from operating income to Adjusted EBITDA, as well as a breakdown of other operating expenses is presented below. This increase was mainly due to a decrease in content and other costs, offset partially by the decrease in revenues described in the section above.

Purchasing and subcontracting: Purchasing and subcontracting costs decreased by 16.0%, from €4,026 million in the year ended December 31, 2017 to €3,382 million in the year ended December 31, 2018, primarily driven by a decrease in content costs for premium content supplied by other Altice Europe companies following the group restructuring and the creation of the new Altice TV unit announced in January 2018 and a decrease in interconnection costs due to the lower usage of SMS by customers.

Other operating expenses: Other operating expenses decreased by 5.2% to €2,171 million in the year ended December 31, 2018 from €2,290 million in the year ended December 31, 2017, primarily driven by a decrease in network operations and maintenance costs, sales and marketing costs and customer service costs and, which were offset by an increase in general and administrative costs.

- Network operation and maintenance costs decreased from €784 million for the year ended December 31, 2017 to €686 million for the year ended December 31, 2018, mainly as a result of the insourcing of Altice Technical Services, a major supplier of network deployment and maintenance services for the Group.

- Sales and marketing costs decreased to €504 million for the year ended December 31, 2018 from €531 million or the year ended December 31, 2017, mainly as a result of lower marketing activity, a direct result of the decrease in revenues compared to the year ended December 31, 2017.

- Customer service costs decreased to €425 million for the year ended December 31, 2018 from €513 million for the year ended December 31, 2017, mainly as a result of the insourcing of Altice Customer Services, as well as concerted efforts to decrease customer service call center contact by proactively providing the customer with cheaper methods of information dissemination, including more comprehensive installation briefings and information by way of SMS, a FAQ section on our website and an online customer service chat portal.

- General and administrative expenses increased by 32% from €249 million for the year ended December 31, 2017 to €328 million for the year ended December 31, 2018, mainly as a result of increased consultant fees.

Staff costs and employee benefit expenses: Staff costs and employee benefit expenses increased by 6.0%, from €877 million in the year ended December 31, 2017 to €930 million in the year ended December 31, 2018, mainly due to the acquisitions of new subsidiaries from Altice International during the course of 2018. See "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2018 compared*

to the year ended December 31, 2017—Significant Events Affecting Historical Results". Excluding the impact of such acquisitions, staff costs decreased by 10.6% to €784 million for the year ended December 31, 2018, primarily due to the decreased in employee numbers as part of the voluntary restructuring plan launched in 2017.

Reconciliation of operating income to Adjusted EBITDA

	December 31, 2018[1]	December 31, 2017 restated[1]	Change
	(in € millions)		
Operating income	512	(134)	***(482.0)%***
Depreciation, amortization and impairment	2,601	2,781	*(6.0)%*
Net restructuring costs	(9)	673	*(100.7)%*
Costs relating to stock option plans	1	2	*(50.0)%*
Other non-recurring costs[2]	601	314	*91.0%*
Adjusted EBITDA	**3,706**	**3,637**	***2.0%***

(1) The Group has adopted IFRS 15 effective from January 1, 2018. The 2018 Financial Statements reflect the change in accounting standard. The consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS 15. The financial information for the other periods presented have not been restated for the impacts of IFRS 15. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements for more information. For the year ended December 31, 2017, the impacts of IFRS 15 on the Group's revenues and Adjusted EBITDA were €(95) million and €(78) million respectively.

(2) Other non-recurring costs primarily include litigation costs, gain and loss on disposal of property, plant, equipment and intangible assets and other non-recurring income and expenses. See *"—Non-recurring income and expenses"* below.

Depreciation, amortization and impairment

For the year ended December 31, 2018, depreciation, amortization and impairment totaled €2,600 million, a 6.9% decrease compared to €2,781 million for the year ended December 31, 2017. This decrease was mainly due to the fact that in the year ended December 31, 2017, the Group had started the accelerated amortization of the SFR brand, following the rebranding decision taken in May 2017, which was subsequently postponed, which led to a non-recurring amortization impact for the year ended December 31, 2017.

Non-recurring income and expenses

For the year ended December 31, 2018, our non-recurring expenses totaled €591 million, a 39.6% decrease compared to €980 million for the year ended December 31, 2017. A detailed breakdown of other expenses income is provided below:

	December 31, 2018	December 31, 2017 (restated)	Change
	(in € millions)		
Net restructuring costs[1]	9	(673)	*(101.3)%*
Litigation[2]	64	(34)	*(286.9)%*
Gain and loss on disposal of property, plant, equipment and intangible assets	16	(109)	*(115.1)%*
Other non-recurring income and expenses[3]	(681)	(164)	*315.1%*
Non-recurring income and expenses	**(591)**	**(980)**	***(39.6)%***

(1) Net restructuring costs for the year ended December 31, 2017 primarily include costs related to provisions for employee redundancies as part of the voluntary departure plan launched in 2017. No such costs were incurred in 2018.

(2) For December 31, 2018, litigation includes the write-back of provisions related to certain litigation with Orange for an aggregate amount of €120.8 million (following the settlement of such litigation in June 2018), compared to the year ended December 31, 2017, where we notably recorded a provision for the Faber litigation with Bouygues Telecom (€40 million) and for the Sequalum litigation (€16 million). See Notes 2.4 and 33 to the English language translation of the Group's audited consolidated financial statements as of and for the year ended December 31, 2018.

(3) For December 31, 2018, other non-recurring costs were mainly comprised of the break-up fee with AENS, a subsidiary of Altice TV (€300 million), onerous contracts related to certain premises (€53 million), settlement of certain open litigation with Bouygues Telecom (€59 million) and expense related to the refinancing of the Existing 2022 Notes (€149 million). See "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2018 compared to the year ended December 31, 2017—Significant Events Affecting Historical Results—Redemption of the Existing 2022 Notes*".

Net financial income (expense)

Net financial expense amounted to €1,075 million for the year ended December 31, 2018, remaining mostly flat compared to €1,068 million for the year ended December 31, 2017. A detailed breakdown of net financial expense is provided below:

	December 31, 2018	December 31, 2017 (restated)	Change
		(in € millions)	
Cost of gross financial debt	**(832)**	**(1,099)**	***(24.4)%***
Financial income	**9**	**209**	***(95.7)%***
Provisions and unwinding of discount	(28)	(0)	*12,790.0%*
Other	**(224)**	**(177)**	***26.7%***
Other financial expenses	**(253)**	**(177)**	***42.5%***
Net financial income (expense)	**(1,075)**	**(1,068)**	***0.7%***

Cost of gross financial debt

For the year ended December 31, 2018, our cost of gross financial debt totalled €832 million, a 24.4% decrease compared to €1,099 million for the year ended December 31, 2017. This decrease was primarily driven by a decrease in our cost of debt following the refinancing activity, which took place during the year 2017, and the full year impact in 2018. See "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2018 compared to the year ended December 31, 2017—Significant Events Affecting Historical Results—Refinancing of loans*". The cost of the financial debt was also impacted by a favorable change in hedging instruments following an appreciation in the dollar to euro exchange rate between 2017 and 2018 (1.2022 as of December 31, 2017 compared to 1.1452 as of December 31, 2018).

Other financial expenses

For the year ended December 31, 2018, our other financial expenses totalled €253 million, a 42.5% increase compared to €177 million for the year ended December 31, 2017. This increase mainly includes a non-recurring expense of €149 million related to the redemption of the Existing 2022 Notes. See Notes 4 and 24 to the 2018 Financial Statements for more information.

Net financial expenses

The overall increase in net financial expenses is related to the refinancing of the Existing 2022 Notes in July and August 2018 as stated above.

Share in net income (loss) of associates

For the year ended December 31, 2018, our share in net income (loss) of associates remained stable compared to the year ended December 31, 2017 and amounted to €11 million.

Income tax income (expense)

For the year ended December 31, 2018, we recorded an income tax income of €99 million, a 76.9% decrease compared to an income tax income of €428 million for the year ended December 31, 2017. The decrease is primarily due to the provision for restructuring recorded in 2017 (related to the voluntary restructuring plan), which did not recur in 2018.

For the year ended December 31, 2017 compared to the year ended December 31, 2016

The below table sets forth our consolidated statement of income for the year ended December 31, 2016 and 2017, in millions of Euros:

	December 31, 2017[1]	December 31, 2016[1]	Change
		(in € millions)	
Revenues	**10,916**	**10,991**	***(0.7)%***

	December 31, 2017[1]	December 31, 2016[1]	Change
	(in € millions)		
Purchasing and subcontracting	(4,026)	(3,961)	*1.6%*
Other operating expenses	(2,308)	(2,263)	*2.0%*
Staff costs and employee benefit expenses	(877)	(945)	*(7.2)%*
Depreciation, amortization and impairment	(2,754)	(2,435)	*13.1%*
Non-recurring income and expenses	(980)	(432)	*126.9%*
Operating income	**(28)**	**954**	***(103.0)%***
Financial income	209	10	*1990.0%*
Cost of gross financial debt	(1,099)	(1,043)	*5.4%*
Other financial expenses	(177)	(78)	*126.9%*
Net financial income (expense)	**(1,068)**	**(1,111)**	***(3.9)%***
Share in net income (loss) of associates	(11)	(4)	*174.5%*
Income (loss) before taxes	**(1,107)**	**(161)**	***587.6%***
Income tax income (expense)	392	(57)	*(787.7)%*
Net income (loss) from continuing operations	**(715)**	**(218)**	***227.5%***
Net income (loss) from discontinued operations	—	—	—
Net income (loss)	**(715)**	**(218)**	***227.5%***
Group share	**(693)**	**(210)**	***229.4%***
Non-controlling interests	**(22)**	**(8)**	***174.9%***

(1) The financial information for these periods presented have not been restated for the impacts of IFRS 15. For the year ended December 31, 2017, the impacts of IFRS 15 on the Group's revenues, Adjusted EBITDA and capital expenditures were €(95) million, €(78) million and €18 million, respectively.

Significant Events Affecting Historical Results

For the year ended December 31, 2017

See "—*Significant Events Affecting Historical Results—For the year ended December 31, 2017*."

Revenue

For the year ended December 31, 2017, we generated total revenues of €10,916 million, a 0.7% decrease compared to €10,991 million for the year ended December 31, 2016. The decrease in revenues was primarily due to a decrease in revenue from our telecommunication activities, offset partially by an increase in revenues from our media activities (due to the full year integration of these activities compared to only seven months in 2016 following the acquisition of a controlling interest by the Group in NextRadioTV on May 12, 2016).

The tables below set forth the Group's revenue by lines of activity which the Group operates for the years ended December 31, 2017 and December 31, 2016, respectively:

	December 31, 2017[1]	December 31, 2016[1]	Change
	(in € millions)		
B2C	7,254	7,354	*(1.4)%*
B2B	1,857	2,013	*(6.9)%*
Wholesale	1,288	1,323	*(2.6)%*
Media	516	301	*71.4%*
Total	**10,916**	**10,991**	**(0.7)%**

(1) The financial information for these periods presented have not been restated for the impacts of IFRS 15. For the year ended December 31, 2017, the impacts of IFRS 15 on the Group's revenues.

B2C: Revenues for the Group's B2C services decreased from €7,354 million for the year ended December 31, 2016 to €7,254 million for the year ended December 31, 2017, a 1.4% decrease. This decrease was driven primarily by (i) growing competition and the resulting impact on subscriber numbers (approximately 247,000 mobile B2C subscribers were lost in 2017), (ii) pricing pressure on B2C services, primarily on mobile services, by low-cost market participants, and (iii) churn in our DSL customers (approximately 364,000 DSL customers were lost in 2017, which was only partially offset by an increase of approximately 193,000 in our fiber/cable

customer base). This decrease was partially offset by an increase in higher value fiber customers (approximately 193,000 fiber/cable customer net adds in 2017). Towards the end of 2017, we noticed a positive net-adds trend on our B2C mobile customers, driven by improved focus on customer experience and retention initiatives.

B2B: The Group's B2B activity revenues decreased by 7.7% from €2,013 million for the year ended December 31, 2016 to €1,857 million for the year ended December 31, 2017. This decrease was primarily due to price reductions on contract pipeline applied in the first half of 2017, and a downward repricing of the mobile B2B base.

Wholesale: Wholesale revenues decreased by 2.6% from €1,323 million for the year ended December 31, 2016 to €1,288 million for the year ended December 31, 2017. This decrease was primarily due to a decrease in revenues from MVNO operators and a decline in the international wholesale voice business.

Media: Revenues from the Group's media activities totaled €516 million for the year ended December 31, 2017, a 71.7% increase as compared to €301 million for the year ended December 31, 2016. This increase in revenues was primarily due to the fact that the results of these activities were integrated for a full year in 2017, compared to only seven months in 2016.

Adjusted EBITDA

For the year ended December 31, 2017, our Adjusted EBITDA was €3,714 million, a decrease of 3.2% compared to the year ended December 31, 2016 (€3,838 million). A reconciliation from operating income to adjusted EBITDA is presented below. This decrease was primarily due to the decrease in revenues described above.

Purchasing and subcontracting: Purchasing and subcontracting costs increased by 1.6%, from €3,961 million in the year ended December 31, 2016 to €4,026 million in the year ended December 31, 2017, primarily driven by an increase in content costs incurred with the addition of new exclusive sports and other content.

Other operating expenses: Other operating expenses increased by 2.0% to €2,308 million in the year ended December 31, 2017 from €2,263 million in the year ended December 31, 2016. This increase was primarily driven by an increase in network maintenance costs and customer service costs.

Staff costs and employee benefit expenses: Staff costs and employee benefit expenses decreased by 7.2%, from €945 million in the year ended December 31, 2016 to €877 million in the year ended December 31, 2017, driven by a decrease in employee numbers as part of the voluntary restructuring plan launched in 2017.

	December 31, 2017[(1)(2)]	**December 31, 2016[(1)]**	**Change**
	(in € millions)		
Operating income	**(28)**	**954**	***(103.0)%***
Depreciation, amortization and impairment	2,754	2,435	*13.1%*
Net restructuring costs[(2)]	673	167	*302.9%*
Costs relating to stock option plans	2	4	*(50.0)%*
Other non-recurring costs[(3)]	314	278	*12.9%*
Adjusted EBITDA	**3,714**	**3,838**	***(3.2)%***

(1) The financial information for these periods presented have not been restated for the impacts of IFRS 15. For the year ended December 31, 2017, the impacts of IFRS 15 on the Group's revenues and Adjusted EBITDA were €(95) million and €(78) million.

(2) Net restructuring costs in 2017 primarily include costs related to provisions for employee redundancies as part of the voluntary departure plan launched in 2017. See "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2017 compared to the year ended December 31, 2016—Significant Events Affecting Historical Results.*" In 2016, net restructuring costs includes the net restructuring costs related to the closure of retail stores in an amount of €37 million and the provision for restructuring of the retail stores for €98 million. In 2015, this item included the costs for early termination of leases of other office premises following the decision to co-locate all employees at the Saint-Denis site (€37 million), the costs for termination of contracts related primarily to the network (€15 million) and provisions related to store closings (€14 million).

(3) Other non-recurring costs primarily include litigation costs, gain and loss on disposal of property, plant, equipment and intangible assets and other non-recurring income and expenses. See *"—Non-recurring income and expenses"* below.

Depreciation, amortization and impairment

For the year ended December 31, 2017, depreciation, amortization and impairment totaled €2,754 million, a 13.1% increase compared to €2,435 million for the year ended December 31, 2016. This increase was primarily due to the accelerated amortization of the SFR brand following the re-branding project announced by the Altice Europe Group in May 2017.

Non-recurring income and expenses

For the year ended December 31, 2017, our non-recurring income and expenses totaled €980 million, a 126.7% increase compared to €432 million for the year ended December 31, 2016. A detailed breakdown of other expenses income is provided below:

	December 31, 2017[1][2]	December 31, 2016[1]	Changes
	(in € millions)		
Net restructuring costs[2]	(673)	(167)	*301.8%*
Litigation[3]	(34)	(162)	*(78.8)%*
Gain and loss on disposal of property, plant, equipment and intangible assets[3][4]	(109)	(51)	*113.7%*
Other non-recurring income and expenses[5]	(164)	(52)	*215.4%*
Non-recurring income and expenses	**(980)**	**(432)**	***126.9%***

(1) The financial information for these periods presented have not been restated for the impacts of IFRS 15.

(2) Net restructuring costs in 2017 primarily include costs related to provisions for employee redundancies as part of the voluntary departure plan launched in 2017. See "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2017 compared to the year ended December 31, 2016—Significant Events Affecting Historical Results.*" In 2016, net restructuring costs includes the net restructuring costs related to the closure of retail stores in an amount of €37 million and the provision for restructuring of the retail stores for €98 million. In 2015, this item included the costs for early termination of leases of other office premises following the decision to co-locate all employees at the Saint-Denis site (€37 million), the costs for termination of contracts related primarily to the network (€15 million) and provisions related to store closings (€14 million).

(3) Other non-recurring costs includes costs related to litigation (€34 million), the losses linked to the scrapping of property, plant and equipment and intangible assets (€109 million) and costs related to the change in office premises to the new Altice Europe campus (€130 million). Litigation costs notably include the reversal of provision for VTI litigation (€101 million) as well as expenses relating to the Faber litigation (€40 million) and additional litigation costs incurred by Sequalum, a subsidiary of the Group (€66 million). See Note 33 to the English language translation of the Group's audited consolidated financial statements as of and for the year ended December 31, 2017. Other non-recurring costs for the year ended December 31, 2016 includes net costs related to litigation (€162 million compared with €27 million as of December 31, 2015), net losses on property, plant and equipment and intangible assets (€51 million compared with €188 million as of December 31, 2015) and the impact of contract renegotiation in the period (€13 million compared with €45 million as of December 31, 2015).

(4) The loss on disposal of assets primarily relates to the scrapping of assets prior to the assets being fully depreciated, this largely includes boxes and store furnishings following the closure of some retail stores.

(5) Other non-recurring income and expenses were primarily incurred pursuant to onerous contract provisions related to the expected vacancy of the current campus in Saint Denis (Paris), following the move to the new campus in Paris during the fourth quarter of 2017 (€130 million).

Net financial income (expense)

Net financial expense amounted to €1,068 million for the year ended December 31, 2017, registering a decrease of 3.9% compared to €1,111 million for the year ended December 31, 2016. This decrease in net financial expense was primarily due to an increase in financial income, partially offset by increases in cost of gross financial debt and other financial expenses, in each case, as described below. A detailed breakdown of net financial expense is provided below:

	December 31, 2017[1]	December 31, 2016[1]	Change
	(in € millions)		
Cost of gross financial debt	**(1,099)**	**(1,043)**	***5.4%***
Financial income	**209**	**10**	***1990.0%***
Provisions and unwinding of discount	0	(34)	*100%*
Other	(177)	(44)	*302.3%*

	December 31, 2017[1]	December 31, 2016[1]	Change
	(in € millions)		
Other financial expenses	**(177)**	**(78)**	***126.9%***
Net financial income (expense)	**(1,068)**	**(1,111)**	***(3.9)%***

(1) The financial information for these periods presented have not been restated for the impacts of IFRS 15.

Financial income

For the year ended December 31, 2017, our financial income totaled €209 million, a 1,990% increase compared to €10 million for the year ended December 31, 2016. This increase was primarily due to the gain realized on the repricing of certain derivative financial instruments in July 2017 as described under "*—Repricing of certain derivative instruments*".

Cost of gross financial debt

For the year ended December 31, 2017, our cost of gross financial debt totaled €1,099 million, a 5.4% increase compared to €1,043 million for the year ended December 31, 2016. This increase was primarily driven by (i) the gross debt increase related to the incurrence of new debt in October 2017, (ii) the negative variation in the fair value of certain derivative instruments, and (iii) the refinancing that occurred in October 2017, treated as an extinguishment of the existing debt that led to a charge related to this extinguishment of €42.4 million. See "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2017 compared to the year ended December 31, 2016—Significant Events Affecting Historical Results—Refinancing of loans.*"

Other financial expenses

For the year ended December 31, 2017, our other financial expenses totaled €177 million, a 126.9% increase compared to €78 million for the year ended December 31, 2016. This increase was due to the impairment of a financial asset recorded in relation to the VTI litigation (€124 million) following the end of the tax litigation.

Share in net income (loss) of associates

For the year ended December 31, 2017, our share in net loss of associates totaled €11 million, a 175.0% increase compared to a loss of €4 million in the year ended December 31, 2016. The reversal of a provision for impairment of €7 million recorded in the year ended December 31, 2016.

Income tax income (expense)

For the year ended December 31, 2017, we recorded an income tax income of €392 million, a 787.72% increase compared to a loss of €57 million for the year ended December 31, 2016. This increase in income tax income was primarily as a result of the deferred tax impact on net restructuring costs incurred in the year ended December 31, 2017.

Liquidity and Capital Resources

Cash and Debt Profile

As of September 30, 2019, our consolidated cash and cash equivalents amounted to €1,797 million on an actual basis (net of overdraft).

Our most significant financial obligations are our debt obligations. Our total third-party debt (excluding certain other long term and short-term liabilities, finance leases and operating lease debt generated by the first time application of IFRS 16) as of September 30, 2019 was €11,503 million relating to bonds and €7,702 million relating to loans from financial institutions, including drawings under the Existing Revolving Credit Facilities. See Notes 12.2 and 12.3 to the Unaudited Financial Statements. As of September 30, 2019, our revolving credit facilities had been drawn for an aggregate amount of €250 million. See "*Capitalization*".

The following tables present the maturity of the Existing Senior Secured Notes, Existing Term Loans and the Existing Revolving Credit Facilities as at September 30, 2019.

	Period ending September 30,				
	2019	**2020**	**2021**	**2021 or later**	**Total**
Existing 2024 Senior Secured Dollar Notes[(1)]	748	—	—	—	748
Existing 2026 Senior Secured Dollar Notes[(1)]	—	—	—	4,760	4,760
Existing 2027 Senior Secured Dollar Notes[(1)]	—	—	—	1,605	1,605
Existing 2028 Senior Secured Dollar Notes[(1)]	—	—	—	1,009	1,009
Existing 2024 Senior Secured Euro Notes[(1)]	750	—	—	—	750
Existing 2025 Senior Secured Euro Notes[(1)]	—	—	—	550	550
Existing 2027 Senior Secured Euro Notes[(1)]	—	—	—	1,000	1,000
Existing 2028 Senior Secured Euro Notes[(1)]	—	—	—	1,000	1,000
Existing Revolving Credit Facilities[(1)]	250	—	—	—	250
Existing Term Loans[(1)]	19	77	77	7,415	7,588
Total	**1,766**	**77**	**77**	**17,339**	**19,260**

(1) The amount is based on the exchange rates as of September 30, 2019 of €1 = US$1.0903. This does not reflect the impact of derivative instruments entered into with respect to such debt to reduce foreign currency exposure.

The following table sets forth details of the Group's financial liabilities.

	Current		Non-Current		Total	
Financial Liabilities breakdown (€m)	**September 30, 2019**	**December 31, 2018**	**September 30, 2019**	**December 31, 2018**	**September 30, 2019**	**December 31, 2018**
Bonds	1,614	279	9,889	9,474	11,503	9,752.9
Loans from financial institutions	331	81	7,372	7,167	7,702	7,248.7
Derivative financial instruments	—	—	440	794	440	794.1
Borrowings, financial liabilities and related hedging instruments	**1,944**	**360**	**17,701**	**17,436**	**19,646**	**17,795.8**
Finance lease liabilities *	17	23	43	56	60	79.3
Operating lease liabilities	634	—	2,173	—	2,807	—
Lease liabilities	**652**	**23**	**2,216**	**56**	**2,867**	**79.3**
Perpetual subordinated notes ("TSDI")	—	—	56	53	56	53.0
Deposits received from customers	34	37	169	162	203	199.6
Bank overdrafts	22	39	—	—	22	39.2
Securitization	170	230	—	—	170	229.5
Reverse factoring	522	600	—	—	522	600.0
Commercial paper	113	107	—	—	113	107.0
Loan Altice Luxembourg FR SA	—	—	—	—	—	—
Other [(a)]	79	50	88	96	167	145.9
Other financial liabilities	**940**	**1,063**	**313**	**311**	**1,253**	**1,374.1**
Financial liabilities	**3,536**	**1,446**	**20,229**	**17,803**	**23,765**	**19,249.1**

The terms of our debt instruments contain certain restrictions, including covenants that restrict our ability to incur additional debt. As a result, additional debt financing is only a potential source of liquidity if the incurrence of any new debt is permitted by the terms of our existing debt instruments.

In 2019, Hivory, a restricted subsidiary of Altice France entered into a facility agreement which provides for a senior revolving facility, in connection with the Towers Transaction to refinance the indebtedness of Hivory and its holding companies and subsidiaries (the "**Hivory Group**"), pay transaction costs and to finance general corporate purposes and/or working capital of the Hivory Group. See "*Description of Indebtedness—2019 Hivory Senior Revolving Facilities*".

Sources of Liquidity

Our principal source of liquidity is expected to be the operating cash flows of our operating subsidiaries and, if required, borrowings under the Existing Revolving Credit Facilities. As of September 30, 2019, our revolving credit facility was drawn for an aggregate amount of €250 million. We expect to use these sources of liquidity to

fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. The availability of borrowings under the Existing Revolving Credit Facilities is conditioned upon compliance with specified leverage ratios. Our ability to generate cash from our operations will depend on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. We believe that our cash and cash equivalents, the cash provided from the operations of our operating subsidiaries and any available borrowings under the Existing Revolving Credit Facilities will be sufficient to fund our currently anticipated working capital needs, capital expenditures, and debt service requirements during the next 12 months, although no assurance can be given that this will be the case. However, as our debt matures in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete the Transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how economic conditions, sovereign debt concerns and/or any adverse regulatory developments could impact the credit markets we access and accordingly, our future liquidity and financial position. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavourable impact on our cash flows and liquidity.

The debt issued by the Group (other than the revolving credit facilities) is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the relevant restricted group's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to shareholders or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations. These covenants are subject to several important exceptions and qualifications.

To be able to incur additional debt under an applicable debt instrument, the Group must either meet the ratio test described below (on a pro forma basis for any contemplated transaction giving rise to the debt incurrence) or have available capacity under a general debt basket or meet certain other exceptions to the limitation on indebtedness covenant in such debt instrument.

The Group's senior debt is subject to an incurrence test of 4.0:1 (Adjusted EBITDA to net debt), while the Group's senior secured debt is subject to an incurrence test of 3.25:1 (Adjusted EBITDA to net senior secured debt). The Group or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments.

The Group has access to a revolving credit facilities, which are subject to maintenance covenants.

The Companies are holding companies with no direct source of operating income. Therefore, the Group will be dependent on dividends and other payments from its operating subsidiaries to meet its liquidity requirements.

Working Capital

As of September 30, 2019, the Group had a current liability position of €5,525 million (mainly due to trade payables amounting to €4,771 million) and a negative working capital of €1,334 million. The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding, and suppliers are paid in the beginning of the following month, thus generating a negative working capital. Payables due the following month are generally covered by operating cash flow. We expect that our operating cash flows and, if required, available borrowings under the Existing Revolving Credit Facilities will be sufficient to meet our working capital requirements during the next 12 months.

Selected Cash Flow Data

For the nine months ending September 30, 2019 compared to the nine months ending September 30, 2018

Consolidated Statement of Cash Flows (€m)	**September 30, 2019[1]**	**September 30, 2018 restated[1] (*)**	**Change**
Net income (loss), Group share	**3,038**	**(308)**	**(1,086.8)%**
Net cash flow provided (used) by operating activities	**2,849**	**2,213**	**28.7%**
Net cash flow provided (used) by investing activities	**(195)**	**(1,802)**	**(89.2)%**
Net cash flow provided (used) by financing activities	**(1,913)**	**(475)**	**303.2%**
Net increase (decrease) in cash and cash equivalents	**741**	**(63)**	**(1,273.4)%**

Effects of exchange rate changes on the balance of cash held in foreign currencies	**(12)**	**(25)**	**(52.4)%**
Cash and cash equivalents at beginning of period	**1,069**	**451**	**136.8%**
Cash and cash equivalents at end of period	**1,797**	**363**	**395.4%**

(*) These amounts were restated to take into account a change in the presentation of cash which now excludes bank overdrafts and acquisitions and disposals of property, plant and equipment and intangible assets which are now net of change in working capital.

(1) The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. The financial information for the nine months ended September 30, 2018 in the Unaudited Financial Statements and the Audited Financial Statements has not been restated for the impacts of IFRS 16. See Note 1.2.3 to the Unaudited Financial Statements and 2018 Financial Statements, respectively included elsewhere in this Notice for more information.

Net cash flow provided (used) by operating activities

Net cash provided by operating activities increased by 28.7% to €2,849 million for the nine months ended September 30, 2019 compared to €2,213 million for the nine months ended September 30, 2018. The increase in net cash provided by operating activities is mainly explained by the increase in the operating profit for the nine months ended September 30, 2019 compared to the operating profit for the nine months ended September 30, 2018. This increase was partially offset by a working capital unwinding effect of €459 million for the nine months ended September 30, 2019 as compared to €38 million for the same period in 2018. For the nine months ended September 30, 2018, working capital was impacted by the recognition of the content break fee of €300 million and the outstanding amount for the departure plan still booked as social payables at the end of that period for €166 million.

Net cash flow used by investing activities

Net cash used by investing activities decreased by 89.2% to €195 million for the nine months ended September 30, 2019 compared to net cash used by investing activities of €1,802 million for the nine months ended September 30, 2018. The difference can mainly be attributed to the closing of the SFR FTTH divestment for which the group received net cash proceeds of €1,561 million. Capital expenditure for the nine months ended September 30, 2019 amounted to €1,739 million compared to €1,746 million for the nine months ended September 30, 2018.

Net cash flow provided (used) by financing activities

Net cash used by financing activities increased by 303.2% to net cash used of €1,913 million for the nine months ended September 30, 2019 compared to net cash used of €475 million for the nine months ended September 30, 2018, driven primarily by the dividend payment of €1,870 million in 2019 compared to nil in 2018, the redemption of the Existing 2024 Senior Secured Notes for an aggregate amount of €996 million, issuance of the new notes for an aggregate amount of €2,545 million and the redemption of the $840 million downstream loan to Altice Lux, and the first time implementation of IFRS 16 on January 1, 2019. We recorded an expense of €603 million related to ROU liabilities for the nine months ended September 30, 2019 compared to nil for the nine months ended September 30, 2018.

For the year ended December 31, 2018 compared to the year ended December 31, 2017

	December 31 2018	**December 31, 2017 restated[(1)]**	**Change**
		(in € millions)	
Net cash flow provided (used) by operating activities	**2,711**	**2,794**	**(3.0)%**
Net cash flow provided (used) by investing activities	**(3,174)**	**(2,704)**	**17.4%**
Net cash flow provided (used) by financing activities	**1,142**	**(117)**	**(1,073.9)%**
Net increase (decrease) in cash and cash equivalents	**679**	**(27)**	**(2,628.0)%**
Net cash and cash equivalents at beginning of period	**373**	**400**	**(6.7)%**
Net cash and cash equivalents at end of period	**1,029**	**373**	**175.7%**
of which cash and cash equivalents	1,069	451	136.8%
of which bank overdrafts	(39)	(78)	(49.7)%

(1) The Group has adopted IFRS 15 effective from January 1, 2018. The 2018 Financial Statements reflect the change in accounting standard. The consolidated statement of income for the year ended December 31, 2017 has been restated for the impacts of IFRS

15. The financial information for the other periods presented have not been restated for the impacts of IFRS 15. See Notes 1.2, 2.3 and 38 to the 2018 Financial Statements.

Net cash flow provided (used) by operating activities

Net cash provided by operating activities increased by 3.0% to €2,711 million for the year ended December 31, 2018 compared to €2,794 million for the year ended December 31, 2017. This decrease was mainly due to the payment of indemnities related to the voluntary departure plan launched in 2017 (€328 million in 2018, compared to an accrual in 2017). This was offset by lower taxes paid in 2018 compared to 2017 (€53 million compared to €190 million in 2017).

Net cash flow used by investing activities

Net cash used in investing activities increased by 17.4% to €3,174 million for the year ended December 31, 2018 compared to €2,704 million for the year ended December 31, 2017. The increase in the year ended December 31, 2018 can mainly be attributed to the acquisitions of ATS, ACS and FOT in 2018, amounting to a cash payment of €818 million in 2018.

Net cash flow provided (used) by financing activities

For the full year ended December 31, 2018, the Group generated net cash from financing activities for an amount of €1,142 million, compared a net outflow of cash from financing activities of €117 million for the year ended December 31, 2017. This increase was mainly due to cash proceeds received from the sale of a 49.99% interest in our tower business, Hivory (€1,767 million), offset by lower cash proceeds from refinancing transactions in 2018 compared to 2017.

For the year ended December 31, 2017 compared to the year ended December 31, 2016

	December 31 2017	**December 31, 2016**	**Change**
		(in € millions)	
Net cash flow provided (used) by operating activities	2,777	3,378	*(17.8)%*
Net cash flow provided (used) by investing activities	(2,686)	(3,247)	*(17.3)%*
Net cash flow provided (used) by financing activities	(117)	40	*(393.1)%*
Net increase (decrease) in cash and cash equivalents	(27)	171	*(115.7)%*
Net cash and cash equivalents at beginning of period	400	229	*74.7%*
Net cash and cash equivalents at end of period	373	400	*(6.7)%*
of which cash and cash equivalents	*451*	*452*	*(0.2)%*
of which bank overdrafts	(78)	(52)	49.6%

Net cash flow provided (used) by operating activities

Net cash provided by operating activities decreased by 17.8% to €2,777 million for the year ended December 31, 2017 compared to €3,378 million for the year ended December 31, 2016. The decrease in net cash provided by operations was primarily related to lower operating income (after depreciation, amortization and impairment and certain non-cash items) earned in 2017 compared to 2016.

Net cash flow provided (used) by investing activities

Net cash used in investing activities decreased by 17.3% to €2,686 million for the year ended December 31, 2017 compared to €3,247 million for the year ended December 31, 2016. The decrease in the year ended December 31, 2017 can be attributed to the acquisition of media and press activities by the Group in 2016, whereas there were no major acquisitions in 2017.

Net cash flow provided (used) by financing activities

Net cash used in financing activities increased by 393.1% to €117 million for the year ended December 31, 2017 compared to net cash generated by financing activities of €40 million for the year ended December 31, 2016. The increase can primarily be attributed to the change in debt issuance and repayments in the respective periods.

Capital Expenditures

Our capital expenditure remained almost flat at €1,739 million for the nine months ended September 30, 2019 compared to €1,746 million for the nine months ended September 30, 2018, representing a marginal decrease of 0.40%.

Our capital expenditure amounted to €2,247 million for the year ended December 31, 2018 and €2,386 million for the year ended December 31, 2017, representing a decrease of 5.8%. This decrease was primarily due to increased customer capex following positive net-adds for the year ended December 31, 2018 offset by lower capex on lower mobile network improvements.

Our capital expenditure amounted to €2,368 million for the year ended December 31, 2017 and €2,312 million for the year ended December 31, 2016, representing an increase of 2.4%. This increase was primarily due to increased network-related capex to improve the 4G network and continued cable/fiber deployment, partially offset by a decrease in customer-related capex due to net subscriber losses during the period.

Contractual Obligations

Unrecognized Contractual Commitments

We have other contractual obligations incurred in the ordinary course of business, including commitments relating to building or upgrading network infrastructure, purchase of set-top boxes, modems, mobile handsets and other end-user equipment and various maintenance and support contracts primarily relating to the maintenance and support of network infrastructure and equipment, purchase commitments for content, royalty payments to regulatory authorities and authors' rights to societies and commitments under interconnection contracts. See Note 32 to the 2018 Financial Statements and the English language translation of the Group's audited consolidated financial statements for the year ended December 31, 2017 and note 33 to the English language translation of the Group's audited consolidated financial statements for the year ended December 31. The following tables set forth our unrecognized contractual commitments as of December 31, 2018, 2017 and 2016, respectively.

	As of December 31, 2018			
	Less than one year	**Two to five years**	**More than five years**	**Total**
		(€ in millions)		
Commitments relating to assets (excluding network sharing)	699	237	353	1,289.2
Commitments relating to operating leases	288	798	472	1,557.4
Commitments relating to long-term contracts	244	382	(12)	613.6
Other commitments	107	10	5	137.2
Total	**1,338**	**1,425**	**819**	**3,596.2**

	As of December 31, 2017			
	Less than one year	**Two to five years**	**More than five years**	**Total**
		(€ in millions)		
Commitments relating to assets (excluding network sharing)	669	292	218	1,180
Commitments relating to operating leases	306	801	716	1,823
Commitments relating to long-term contracts	533	1,370	(38)	1,865
Other commitments	11	8	136	155
Total	**1,519**	**2,471**	**1,032**	**5,022**

	As of December 31, 2016			
	Less than one year	**Two to five years**	**More than five years**	**Total**
		(€ in millions)		
Commitments relating to assets (excluding network sharing)	553	95	95	743
Commitments relating to operating leases	304	888	612	1,805
Commitments relating to long-term contracts	423	704	(27)	1,099
Other commitments	27	18	93	138
Total	**1,307**	**1,705**	**773**	**3,785**

During the year ended December 31, 2017, the Group entered into an exclusive agreement with AENS to purchase and distribute sports content related to the UEFA Champion's league and Europa league from 2018 onwards for a period of three years as a result of which the total commitments of the Group increased by €1,238 million to €5,022 million as of December 31, 2017.

As of December 31, 2018, following the reorganization announced by Altice Europe (see "*—Discussion and Analysis of Our Results of Operations—For the year ended December 31, 2018 compared to the year ended December 31, 2017—Significant Events Affecting Historical Results*"), and as a consequence of the contract renegotiation with AENS, the total commitments of the Group decreased by €1.2 billion (representing the reduction in the minimum guaranteed amount over the life of the new content contract to be entered into with AENS).

For the nine months ended September 30, 2019, following the implementation of IFRS 16 (Leases), commitments related to operating leases were recorded on the statement of financial position, thus leading to a decrease in unrecognised contractual commitments of €2,049 million compared to the year ended December 31, 2018.

Defined Benefit and Defined Contribution Pension Plans

In addition, we have obligations under defined benefit and defined contribution pension plans. Our cash outflow relating to these obligations will vary depending on many factors. In the case of defined benefit plans, we have recognized a liability regarding employee benefits in the statement of financial position of the Group which represents the present value of the defined benefits liability less the fair value of the plan assets, and the past service costs. The liability in respect of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions with regards to, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty. Actuarial gains and losses are reflected in the statement of income and statement of other comprehensive income in the period in which they arise, as part of the salary costs. Deposits in a defined contribution plan in respect of severance pay or in respect of emoluments are recognized as an expense at the time of the deposit in the plan, in parallel to the receipt of the labor services from the employee and no additional provision is recognized in the financial statements. As of December 31, 2018, our total defined benefit plans liabilities were €132 million. See Note 26 to the 2018 Financial Statements for more information.

Post-Balance Sheet Date Events

For a description of material post-balance sheet date events applicable to the Group, see "*Summary—Recent Developments*" included elsewhere in this Notice.

Redemption of the Existing 2024 Senior Secured Notes in full

On September 27, 2019, Altice France issued the Existing 2025 Senior Secured Notes and the Existing Senior Secured 2028 Notes. The proceeds from this issuance (together with cash on hand) were used, among other things, to (i) complete the redemption of the outstanding Existing 2024 Senior Secured Notes in full, in an aggregate principal amount of €1,489 million (equivalent), and (ii) redeem the outstanding Altice Lux 2022 Notes, in an aggregate principal amount of approximately €1,005 million (equivalent). The Existing 2024 Senior Secured Dollar Notes and the Altice Lux 2022 Dollar Notes were redeemed on October 15, 2019. The Existing 2024 Senior Secured Euro Notes and the Altice Lux 2022 Euro Notes were redeemed on October 16, 2019. As part of the redemption, Altice France and Altice Lux paid call premiums of €45 million and €19 million, respectively.

Increase in Existing Revolving Credit Facilities

On November 15, 2019, the Group increased the facility E commitment under the Existing Revolving Credit Facilities Agreement in the aggregate principal amount of €201 million. After the increase, the aggregate principal amount of commitments under the Existing Revolving Credit Facilities is €1,115 million.

Intercompany Loan Transactions and Dividends

The Group has borrowed from and made available to Altice Group Lux and Altice Lux various intercompany loans. Since September 30, 2019, the net aggregate principal amount of loans made by the Group to Altice Group Lux and Altice Lux is €250 million.

On December 19, 2019, Altice France declared a dividend advance for an aggregate amount of €501 million (the "**December Dividend**"). A portion of the advance was offset against the intercompany loans previously made to Altice Lux and Altice Group Lux and a residual amount of €182 million remained unpaid (as a debt on dividend) as of December 31, 2019.

Agreement to Acquire 100% Interest in Covage by SFR FTTH

On November 25, 2019, Altice Europe announced that SFR FTTH entered into an exclusivity agreement with Cube Infrastructure Fund and Partners Group (acting on behalf of its clients) regarding the acquisition of all of the equity interest of Covage, a fibre wholesale operator in France. The transaction is expected to close in the first half of 2020. The acquisition will be completed by SFR FTTH for a total cash consideration of €1 billion, out of which €70 million non-recourse debt raised at SFR FTTH, €465 million cash equity to be contributed by the Group and €465 million cash equity to be contributed by SFR FTTH financial investors. SFR FTTH is an associate of the Group and has been designated as an Unrestricted Subsidiary under the agreements, instruments and indentures governing the Group's debt, including the Indenture. See "*Summary—Recent Developments—Agreement to Acquire 100% Interest in Covage by SFR FTTH*".

Related Party Transactions

Other than as disclosed in this Notice and in the notes to the Historical Consolidated Financial Information, the Group did not have any material transactions with related parties during the nine months ended September 30, 2019 and the years ended December 31, 2018, 2017 and 2016. See "*Certain Relationships and Related Party Transactions*" as well as note 16 to the Unaudited Financial Statements and note 31 to the 2018 Financial Statements and the English language translation of the Group's audited consolidated financial statements and note 32 to the English language translation of the Group's audited consolidated financial statements for the year ended December 31, 2016, in each case included elsewhere in this Notice.

Off Balance Sheet Arrangements

We are not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditure or capital resources, other than the contractual commitments disclosed herein or in the notes to the Historical Consolidated Financial Information.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks relating to fluctuations in interest rates and foreign exchange rates, primarily as between the US Dollar and Euro, and use financial instruments to manage our exposure to interest rate and foreign exchange rate fluctuations. See Notes 25 and 30 to the 2018 Financial Statements for more details.

Credit Risk

The Group does not have significant concentrations of credit risk. Credit risk may arise from the exposures of commitments under a number of financial instruments with one counterparty or as the result of commitments with a number of groups of debtors with similar economic characteristics, whose ability to meet their commitments could be similarly affected by economic or other changes.

The Group's income mainly derives from customers in France. The majority of our B2C clients are on direct debit, thus reducing credit and recovery risk from our biggest operating activity. The Group regularly monitors its customers' debts and provisions for doubtful debts are recorded in the consolidated financial statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt.

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the Board of Managers, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasted and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and improving the cash generation of existing businesses. As all external debt is

issued and managed centrally, the executive directors of the Group have a significant amount of control and visibility over the payments required to satisfy obligations under the different external debts.

As of September 30, 2019, the Group has access to revolving credit facilities of up to €914 million (which remained drawn for an amount €250 million as of September 30, 2019) to cover any liquidity needs not met by operating cash flow generation. See "*—Liquidity and Capital Resources—Sources of Liquidity*".

Interest Rate and Related Risk

For fixed rate debt, changes in interest rates generally affect the fair value of the debt instrument, but not our earnings or cash flows. Accordingly, interest rate risk and changes in fair market value should not have a significant effect on the fixed rate debt until we would be required to refinance such debt at maturity. On a consolidated basis, taking into account our swap portfolio, our primary fixed rate debt obligations were in an amount equivalent to €11,503 million, while our primary floating rate debt obligations were equivalent to €7,702 million.

Foreign Currency Risk

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or floating to floating cross-currency and interest rate swaps that cover against foreign currency and interest rate risk, FX forwards that cover against foreign exchange risk only, or interest rate swaps covering interest rate risk only. For details regarding the Group's outstanding derivative instruments to secure foreign currency liabilities and to reduce foreign currency exposure, see Note 2.20 to the 2018 Financial Statements.

Critical Accounting Policies, Judgments and Estimates

For details regarding the Group's critical accounting policies, judgments and estimates, see Note 2 to the audited 2018 Financial Statements.

For details regarding the Group's adoption of IFRS 16 and its impact on its financial statements, see Note 1.2 *New standards and interpretations* to the Unaudited Financial Statements.

IFRS 16 supersedes IAS: 17 *Leases*, IFRIC 4: *Determining whether an Arrangement contains a Lease*, SIC-15: Operating Leases-Incentives and SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The change of definition of a lease mainly relates to the conception of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange of consideration. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Therefore, 2018 financial statements were not restated under the new standard.

The Group has lease contracts related to mobile sites (land, space in cell towers or rooftop, agreement with towers company), network infrastructure (including local loop unbundling), buildings used for administrative or technical purposes and other assets (vehicles). Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability.

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under “Trade and other receivables” and “Trade and other payables”, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee. The Group recognised lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group:

Right of use assets are reported separately in the statement of financial position.

The recognition, measurement and disclosure requirements of IFRS 16 are also applied in full to short term leases and leases of low-value assets.

A distinction is made in leases that contain both lease components and non-lease components except for agreements for which the separation is impracticable (master service agreements with towers company).

Application of the portfolio approach for the recognition and measurements of certain asset categories with similar characteristics (same residual value, same economic environment), mainly for local loop

unbundling.

Application of the standard to contracts that were previously identified as finance leases under IAS 17 /IFRIC 4 at the transition date (carry forward of existing finance lease liabilities).

Calculate outstanding liability for existing operating leases using the incremental borrowing rate at date of transition.

IFRS 16 is not applied to leases for intangible assets.

The Group chooses to apply the relief option, which allows it to adjust the right of use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application.

Based on the aforementioned, as at January 1, 2019:

Right of use assets of €3,233 million were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of €121 million that were reclassified from Property, plant and equipment and intangible assets.

Additional lease liabilities of €3,214 million (current and non-current) were recognised (including the reclassification of finance lease liabilities already recorded as of December 31, 2018 of €79 million).

Trade and other receivables of €39 million and trade and other payables of €60 million related to previous operating leases were derecognised.

In addition, the Group is closely monitoring the work of IASB and the IFRS Interpretation Committee, aiming to clarify interpretation of IFRS 16, which could lead to a revision of the accounting policies applied by the Group.

In June 2019, the IFRIC issued a tentative agenda decision related to subsurface rights concluding that when a contract between a land owner and another party gives the other party the right to place an oil pipeline in a specified underground space, with the land owner retaining the right to use the surface area of the land above the pipeline, that contract contains a lease.

The Group assessment is still in progress and at this stage no material impact is expected as in most of the Group’s contracts the supplier has a substantive right to substitute the asset throughout the period of use and therefore, the contracts do not contain a lease.

REGULATION

The Group's business activities in both France and the French Overseas Territories are subject to the laws and regulations of France and the European Union governing the telecommunications sector and the information society.

Regulation of electronic communications networks and services

The European Regulatory Framework for Electronic Communication

The European regulatory framework is based on the following five directives contained in the "2002 Telecoms Package" of the European Union, which apply to the seven relevant markets defined by European Commission's recommendation 2007/879/CE dated December 19, 2007:

- Directive 2002/21/EC dated March 7, 2002, concerning a common regulatory framework for electronic communications networks and services (the "**Framework Directive**");

- Directive 2002/19/EC dated March 7, 2002, concerning access to, and the interconnection of, electronic communications networks and associated facilities (the "**Access Directive**");

- Directive 2002/22/EC dated March 7, 2002, on universal services and users' rights relating to electronic communications networks and services (the "**Universal Service Directive**");

- Directive 2002/20/EC dated March 7, 2002, concerning the authorization of electronic communications networks and services (the "**Authorization Directive**"); and

- Directive 2002/58/EC dated July 12, 2002, concerning the processing of personal data and the protection of privacy in the electronic communications sector (the "**Privacy and Electronic Communications Directive**").

In addition to the 2002 Telecoms Package, the following legislation also applies to the telecommunications sector:

- Directive 2002/77/EC dated September 16, 2002, concerning competition in the markets for electronic communications networks and services (the "**Competition Directive**");

- Directive 2009/140/EC dated November 25, 2009, amending the Framework, Access and Authorization Directives;

- Directive 2009/136/EC dated November 25, 2009, amending the Universal Services and the Privacy and Electronic Communications Directives and Regulation 2006/2004/EC on cooperation between national authorities responsible for the enforcement of consumer protection laws;

- Directive 2009/114/EC of September 16, 2009, amending Council Directive 87/372/EEC on the frequency bands to be reserved for the coordinated introduction of public pan-European cellular digital land-based mobile communications in the Community;

- Directive 2014/53/EU dated April 16, 2014, on the harmonization of the laws of the Member States relating to the making available on the market of radio equipment and repealing Directive 1999/5/EC Text with EEA relevance;

- Directive 2014/61/EC of May 15, 2014, on measures to reduce the cost of deploying high-speed electronic communications networks;

- Regulation 2018/1971/EC dated December 11, 2018, establishing the Body of European Regulators for Electronic Communications (the "**BEREC**");

- Regulation 2015/2120/EC of November 25, 2015, laying down measures concerning open internet access and amending Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services (the "**Open Internet Access Regulation**");

- Regulation 2016/679/EU of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, repealing Directive 95/46/EC (the "**General Data Protection Regulation**"); and

- Regulation (531/2012/EC on roaming on public mobile communications networks within the European Union (the "**Roaming Regulation**").

The Open Internet Access Regulation set new limits for retail roaming rates in Europe billed by mobile operators applicable between July 1, 2014, and April 29, 2016, and after April 29, 2016. The Roaming Regulation also abolished roaming charges as from June 15, 2017.

On November 29, 2019, the Commission published a report assessing the European roaming market and suggested the extension of the retail and wholesale roaming rules beyond June 20, 2022. In this context, the Commission also plans to further examine the adequacy of the wholesale roaming price caps.

The Open Internet Access Regulation introduced measures on net neutrality Article 3 of the Open Internet Access Regulation established the following net neutrality principles:

- The right of end-users to access and distribute content, use and provide applications and services, and use terminal equipment of their choice, irrespective of location, origin or destination of the information, content, application or service, via their internet access service; and

- Internet access service providers are to treat all traffic equally, without discrimination, restriction or interference.

- These two principles are subject to the following exceptions:
- Compliance with court orders;

- Protecting the integrity or security of the network; and

- Prevention of network congestion occurring temporarily and under exceptional circumstances.

Moreover, operators are subject to stronger transparency obligations. They must in particular provide more information in customers' contracts (such as impact of traffic management techniques used by ISPs, the concrete impact of caps or allowances, information on connection speed, etc.).

The principle of net neutrality is also affirmed in the law no. 2016-1321 of October 7, 2016 for a digital Republic, which introduced Articles L. 32-1 et seq. in the Postal and Electronic Communications Code (Code des Postes et des Communications Electroniques, "**CPCE**"). The Articles provide that operators may not discriminate in providing access to the network on the basis of services and may appoint the Postal and Electronic Communications Regulator (Autorité de Régulation des Communications Electroniques et des Postes, "**ARCEP**") to ensure that this principle is observed.

The European Commission launched a review of the EU regulatory framework for electronic communications in 2016 through a draft directive aiming at establishing a European Electronic Communications Code (the "**EECC**") submitted to the Council and to the Parliament on September 14, 2016.

The BEREC published its opinion on the EECC draft directive on December 13, 2016 focusing on (i) the scope of the framework, (ii) the access regulation and (iii) the institutional set-up.

The EECC draft directive is still in the process of being discussed and examined by the Parliament and the Council.

On December 11, 2018, the Directive (EU) 2018/1972 of the European Parliament and of the Council establishing the EECC was adopted. It came into force on December 20, 2018 and must be transposed by Member States by December 21, 2020.

The EECC brings together the rules on electronic communications networks and services and aligns them with the latest technological developments.

The EECC regulates (1) electronic communications networks and services ("**ECN**" and "**ECS**"), (2) associated facilities and services, (3) the authorisation of networks and services, (4) radio spectrum use and numbering resources, (5) access to and interconnection of electronic communications networks and associated facilities, and (6) the protection of end-users.

The EECC repealed the "2002 Telecoms Package" and its successive amendments.

Digital single market

On May 6, 2015, the European Commission published a communication ("A Digital Single Market Strategy for Europe"—COM (2015) 192) detailing its strategy for a digital single market. The strategy is founded on three pillars: (i) providing better access for consumers to on-line services across Europe, (ii) creating conditions for development of digital networks and services, and (iii) maximizing the growth potential of the European digital economy. Following the adoption of Regulation 2015/2120, on September 11, 2015 the European Commission launched a public consultation of the 2002 Telecoms Package (as amended in 2009).

On January 19, 2016, the European Parliament adopted the resolution "Toward a Digital market". In its resolution, the European Parliament welcomed the European Commission's Digital Single Market Strategy, but also expressed its concern about the divergent national approaches taken so far by EU member states when regulating the internet and the "sharing economy". The topics addressed in the resolution include the necessity to increase consumer choice and to remove barriers for innovative start-ups. Other topics addressed in the resolution include copyright, regulation of the telecommunications sector, VAT rules, audio-visual media, e-skills, e-government, and employment rights.

With regard to regulation of the telecommunications sector, the Resolution also:

- emphasizes the key role of private investments in fast and ultra-fast communication networks in driving digital progress that must be supported by a stable EU regulatory framework enabling all players to make investments, including in rural and remote areas;

- reminds the member states of their commitment to reach by 2020 full broadband network deployment of minimum speeds of 30 Mbps;

- underlines the need to ensure that end-user rights laid down in the telecommunications framework are coherent, proportionate and appropriate; and

- a mid-term review of the Digital Single Market strategy has been published by the European Commission on May 10, 2017. Said review emphasises the progress accomplished and identifies three mains areas toward which European Union's actions are needed: (i) the development of the European Data Economy to its full potential, (ii) Europe's assets protection through cybersecurity and (iii) the promotion of online platforms as responsible players of a fair internet system.

On May 22, 2019, Directive (EU) 2019/770 on contract for the supply of digital content and Directive (EU) 2019/771 on certain aspects concerning contracts for the sale of goods were published on the Official Journal of the European Commission as part of the Digital Single Market Strategy. Both of these Directives strengthen the protection of consumers rights with respect to the purchase of digital content and/or online sales. Additional rights are granted to consumers such as a two years minimum guarantee period, a right to terminate the contract when the service is not provided, and a right to be compensated for a lack of quality in the service provided.

French regulatory framework applicable to electronic communications

Most measures implementing the European Regulatory Framework for Electronic Communications in France can be found in the CPCE. The French Consumer Code also governs relations between electronic communications service providers and consumers.

In addition to the many consumer protection rules that are not specific to the electronic communications sector, the «Chatel law» updated the French Consumer Code to protect consumers using mobile and internet technology (Articles L.121-84-1 *et seq*.). National Regulatory Authorities ("**NRAs**") are responsible for effective implementation and supervision of the Framework.

On November 23, 2018, a law (no. 2018-1021) was enacted that considerably modified the French legislative framework for electronic communications, in particular by strengthening the penalties that operators face for non-compliance with their deployment obligations (under Article L36-11 of the CPCE) and requiring operators to grant reasonable access to their network infrastructure.

It must be underlined that France has not yet enacted the EECC into domestic law but a public consultation on the transposition into national law of the EECC's provisions was initiated on December 2019 by the French Government. The EECC has to be transposed into French national law before December 21, 2020.

National Regulatory Authorities

ARCEP

In France, the NRA for electronic communications is ARCEP, created in January 1997. ARCEP is an independent administrative authority in charge of regulating the electronic communications sector, managing administrative procedures, defining access, interconnection and roaming conditions, calculating costs and contributions to the universal service and rate regulation, and assigning rights for the use of frequencies.

To exercise its prerogatives, ARCEP has a variety of powers, in particular to make regulations, control, settle disputes, advise and sanction. ARCEP's decisions may relate to asymmetric regulation (which apply to operators occupying a dominant position on the market) or symmetric regulation (which apply to all operators). Certain symmetric regulatory decisions need to be approved by the Ministry for Electronic Communication.

The law n° 2015-99 on growth, business and equal economic opportunities, of August 6, 2015 ("**Macron Law**"), endowed ARCEP with new powers and new missions, including the ability to require operators to amend their mobile network sharing agreements when necessary to achieve regulatory objectives. The ARCEP is required to publish a report evaluating investments by each mobile operators in the deployment of new infrastructure. On that occasion, the Authority will verify the respect of the radio network sharing agreement.

Competition Authority

The French Competition Authority is an independent administrative authority in charge of monitoring competition under Article L. 461-1 of the French Commercial Code. It is responsible for identifying anti-competitive practices in the market, merger controls and provision of advisory opinions.

In its role of identifying anti-competitive practices, in accordance with Articles L. 464-1 and 2 of the French Commercial Code, the Competition Authority can: (i) impose fines; (ii) require businesses to cease such practices; (iii) accept commitments with regard to elimination of anti-competitive practices and (iv) impose certain injunctions in the event of urgency. Under Article L. 464-8 of the French Commercial code, an appeal can be lodged against these decisions (in itself, not suspensive) before the Paris Court of Appeal, within one month. An appeal can be lodged against the ruling of the Court of Appeal of Paris in front of the Court of Cassation (Supreme Court) within one month.

In its merger control role, in accordance with Articles L. 430-1 et seq. of the French Commercial Code, the Competition Authority must give *ex ante* authorization to mergers between certain large businesses. It may: (i) authorize the merger; (ii) prohibit a merger; or (iii) subject authorization of a merger to certain conditions. Under Article R. 311-1 of the Code of Administrative Justice, the parties and third parties concerned can lodge an appeal (in itself, not suspensive) for annulment or reformulation with the Conseil d'État within two months.

In its advisory role, in accordance with Articles L. 462-1 et seq. of the French Commercial Code, the Competition Authority provides opinions on the function of the markets at the request of the government, parliament, courts, legal entities representing public interests or on its own initiative. No appeal can be brought against these opinions.

Conseil Supérieur de l'Audiovisuel

Created by the law no. 89-25 of January 17, 1989, the French Broadcasting Regulator (*Conseil Supérieur de l'Audiovisuel*, "**CSA**") seeks to safeguard the freedom of audiovisual communication in France. The law no. 86-1067 of September 30, 1986, which has seen several amendments, gives it powers with respect to the protection of minors, respect for the pluralistic expression of opinions, organization of electoral campaigns on radio and television, rigorous processing of information, allocation of spectrum to operators, respect for human dignity and consumer protection.

With regard to spectrum allocation, the CSA is responsible for administration and allocation of frequencies intended for radio and television. It is also responsible for planning "hertzian" spectrum bands to be used by radio stations, issuing licenses to use the frequencies, and planning and allocating broadcasting channels to digital terrestrial television operators.

In case of disputes regarding the above, the CSA performs an arbitral role between publishers of services and producers of works or audiovisual programs or their representatives, or the professional organizations representing them.

CSA can make recommendations to broadcasters and distributors of audiovisual communication services on compliance with the principles set forth in the law of September 30, 1986 referred to above. It has the powers to impose sanctions in case of non-compliance with the principles by broadcasters or distributors of services.

Law no. 2016-1524 of November 14, 2016 aiming at strengthening freedom, independence and pluralism of the media modified the law of September 30, 1986 referred to above in order to regulate the powers of the CSA regarding transfers of television channels.

On December 5, 2019, a bill has been introduced before Parliament which aims at merging CSA and HADOPI (which are both independent administrative authorities) into a single one to be called the *"Autorité de régulation de la communication audiovisuelle et numérique".*

General regulatory framework applicable to network operators and providers of electronic communication services

Pursuant to Article L. 33-1 and Articles D. 98-3 to D. 98-13 of the CPCE, every entity operating a network or providing electronic communications services to the public is bound by certain general obligations concerning number portability, regulation of value-added services, publication of service quality enquiries, and the financing of universal services.

Number portability

Portability is a service offered by providers of electronic communications services allowing its subscribers to maintain their telephone numbers when switching operators. Number portability is an obligation of all operators providing their services to end-users in accordance with Article L. 44, D.406-18 and D. 406-19 of the CPCE and extends to both fixed-line and mobile operators.

In January 2009, the leading operators, including members the Group, set up a dedicated entity, the Fixed Numbers Portability Association (*Association de la Portabilité des Numéros Fixes*) to effectively manage information sharing with regard to requests for fixed number portability.

ARCEP Decision no. 2013-0830 of June 25, 2013 lays down new obligations for operators that target the end-user market, in particular in terms of information and quality of service, which must be gradually implemented before October 1, 2015.

Concerning mobile number portability, the original regulatory mechanism has undergone several changes aimed at establishing maximum durations for switching, enhancing customer experience and ensuring information provisions for subscribers. ARCEP Decision no. 2012-0576 of May 10, 2012 specifies arrangements for the application of mobile number portability.

The French Government approved the ARCEP decision dated June 25, 2013, specifying the procedures for portability of fixed-line numbers. The ARCEP decision establishes the following requirements for operators on the consumer market:

- portability processing duration is shortened to three working days, provided access is available;
- clarification of the rules for compensation in case of delay or mishandling of a number portability request;
- harmonized information to subscribers throughout the number portability process; and
- from October 2014, the introduction of a quarantine period, which enables a number to be ported up to 40 days after the account is cancelled.

On October 1, 2015, an operator identity statement or ("**RIO**", *relevé d'identité opérateur*) for fixed operators, like the RIO that already exists for mobile number portability, was created at ARCEP's request, which also implements a dedicated tool to make it easier for operators to identify the subscriber and facilitate the process to port one's number to a new operators.

The process has also changed for the business market:

- the portability process is shortened to seven working days, provided access is available;
- for better information of business customers, fixed operators must make available all the technical and contractual information necessary to switch operators while retaining one's fixed number;
- service is maintained until the actual portability: if the contract expires before portability occurred, the former operator should extend the provision of service on the fixed number until its actual portability;
- from October 2014: implementation of the quarantine period; and
- starting October, 1 2015: operators can jointly elect to extend the RIO-based control imposed on the consumer market to all or part of the business market.

To obtain their fixed RIO, users must call the toll-free number 3179 from their landline: and the RIO will be communicated to them verbally, and later confirmed in writing, using the method of their choice, including via SMS, e-mail or the post.

Regulation of value-added services

ARCEP Decision no. 2012-0856 of July 17, 2012, changed the principles of retail pricing of calls to short or special numbers. The decision aims to simplify the retail pricing of such calls and prevent certain abusive practices. Effective from January 1, 2015, it introduces a general pricing structure according to the "C + S" model that explicitly distinguishes in the retail price charged to the caller between (i) price C of the underlying telephone communication set by the original operator (ii) and Price S of the value-added service set by the provider of the service.

ARCEP Decision no. 2012-0661 of June 10, 2014 postponed the entry into force of the pricing reform on value-added services to October 1, 2015. Since October 1, 2015, Enterprises and public services have three types of numbers available for providing their services: toll-free numbers, numbers charged at the "normal" rate, and premium rate numbers.

Transparency for consumers will be ensured by the obligation to display calls to premium rate numbers on detailed telephone bills, and by the reverse directory created by operators and service providers (a special website is dedicated to this: infosva.org).

Transparency is improved thanks to the pricing display graphics being introduced with the reform, which associate a different color with each of the three types of number: green for toll-free numbers, grey for "normal" rate numbers, and purple for premium rate numbers.

Publication of service quality enquiries

Decisions no. 08-1362 of December 4, 2008 and no. 2013-0004 of October 8, 2013 imposes on operators with more than 100,000 fixed-line subscribers the obligation to publish on its website (i) on a quarterly basis, measurements of service quality related to the quality of access to fixed line services per access type and (ii) on a six-monthly basis, measurements related to the quality of service measures for fixed telephony.

In July 2014, ARCEP set up a mobile telephony coverage and service quality monitoring survey. On July 30, 2015, ARCEP published the findings of its survey aimed at assessing mainland France mobile operators' quality of service. Orange was found to be the operator with the highest overall score, with 153 indicators scoring above average, whether for telephony, SMS or data products. With 52 and 42 indicators scoring above average, respectively, the results for Bouygues Telecom and SFR were broadly similar. Free mobile, whose 3G network was still being deployed, scored considerably less well on a sizeable numbers of indicators, with only 9 indicators scoring above average. In addition to these publications on the quality of mobile services, the quality of access to fixed-line services and the quality of fixed telephony service, ARCEP, in 2015, continued work and the publication of its new half-yearly observatory on the quality of internet access services in mainland France On December 18, 2015, ARCEP published its findings regarding mobile coverage (2G, 3G, 4G) by the four operators for the month of July (*Source: ARCEP*). While the 2G and 3G coverage is uniformly high (above 80% in all cases and above 90% in most cases) for each of the operators and for each of population coverage and territorial coverage, 4G coverage is still lagging behind. With regard to 4G population coverage, Orange came first (76%), followed by Bouygues Telecom (72%), SFR (58%) and Free (52%). Only 28% of the territory is covered by Orange's network, followed by Bouygues Telecom' (24%), Free's (18%) and SFR's (15%).

Since 2014, ARCEP assesses, the quality of the coverage and the general service quality provided by each single French operators on a yearly basis.

ARCEP decision no. 2015-0833 of July 7, 2015 amending the mechanism for monitoring the quality of access to fixed-line services, entered into force on January 1, 2016.

Additionally, law no. 2015-990 of August 6, 2015 on Economic Growth, Activity and Equal Economic Opportunities amended Article L33-12 of the CPCE, giving ARCEP greater flexibility in implementing measures relating to service quality and coverage of electronic communications networks and services. While these measures are implemented by operators, they are now subject to supervision by independent bodies selected by ARCEP, and the related costs are borne directly by the operators concerned.

On October 22, 2019, ARCEP published the findings of its 20th annual audit to assess the quality of the services provided by mobile operators in metropolitan France based on 243 indicators for 2G/3G/4G. Results are available on ARCEP's website.

In early 2020, ARCEP's "monreseaumobile.fr" service showed that SFR's mobile network covered 99% of the population and 95% of the territory of metropolitan France:

- SFR's 3G network covers more of 99% of the population and 96% of the territory of metropolitan France;

- SFR's 4G network covers 99% of the population and 83% of the territory of metropolitan France.

See "*Risk Factors*" for more details on the specific commitments SFR has made regarding its network coverage.

Financing of universal service

Pursuant to law no. 2003-1365 of December 31, 2003, the operator that is bound to guarantee the provision of universal service is designated on the basis of calls for applications. The application procedure is administered by the Minister for Electronic Communications. All the operators who want to apply for the universal service provider position in France, have to propose their candidatures with their technical and financial conditions and the cost of their services.

Orange was selected following the call for applications launched in 2017 for connection and telephone service components under Article L. 35-1 of the CPCE and was designated as service provider for these universal service components until November 2020.

PagesJaunes, a provider, was chosen following the call for applications launched in 2011 for the provision of a subscribers' directory in printed form and was designated as service provider for this universal service component until December 2014. To date, PageJaunes is still providing such universal services.

Under Articles L. 35 et seq. of the CPCE, universal service obligations include (i) universal electronic communications service, (ii) additional services to universal electronic communications service, and (iii) general interest missions in electronic communications, defense and security, public research and higher education. Universal electronic communications service includes (a) connection to a fixed public network and quality telephony service, in particular facsimile communications and data communications, at rates sufficient for access to the internet, as well as free handling of emergency calls, at an affordable price; (b) a directory enquiries service and a subscriber directory; (c) special measures for disabled end-users.

Law no. 2015-990 of August 6, 2015 on economic growth, activity and equal economic opportunities removed access to public payphones from universal service.

No universal service provider is selected any longer for directory enquiry services and directory information because of the competitive situation on their respective markets.

Every year, ARCEP determines the net cost of universal service and puts in place a mechanism for shared financing between electronic communications operators in case of an unfair burden on the designated operator, for the period during which it was selected. In this case, ARCEP fixes operators' contributions (provisional, then final) proportionally to their relevant revenues.

In its decision no. 2019-1723 of November 26, 2019, ARCEP provided an estimate of the net cost of universal service and operators' contributions for 2020. SFR's contribution was estimated at €1,582,081.

Asymmetric regulation of the fixed telephony markets and fast and superfast broadband markets

Review of fixed telephony markets

The analysis of markets is the cornerstone of the asymmetric regulation framework applicable to operators that occupy a dominant market position. Ex ante asymmetric regulation is focused on market activities (mainly wholesale markets) in which distortions of competition and dominant market positions have been identified. Pursuant to the Framework Directive (replaced by the EECC), Regulation 2018/1971 establishing the BEREC and articles L. 371 to L. 38-1 of the CPCE, ARCEP is required, under the supervision of the European Commission and the BEREC, and on the basis of the recommendation of the Competition Authority, to (i) define the relevant markets in France, (ii) analyze the relevant markets and identify companies that have significant market power in these markets, and (iii) decide whether or not to impose on these companies regulatory obligations commensurate with the competition problems identified.

Analysis of the fixed broadband and superfast fixed broadband markets

ARCEP decisions no. 2017-1453, no. 2017-1347, 2017-1348, 2017-1349, 2017-1488 and no. 2017-1570 of December 2017, established the fifth round of analysis of the wholesale market for physical network infrastructure access to the local wireline loop, the wholesale market within France for broadband and high-capacity broadband and the wholesale market for capacity services for the period from 2017 to mid-2020. These decisions define the asymmetrical regulation of broadband and superfast broadband fixed markets and apply only to Orange, identified as the only operator exercising significant influence in these markets. As such, Orange is subject to specific obligations concerning access (unbundling of the copper local loop and access to its infrastructures), in particular meeting reasonable requests for access and providing access under non-discriminatory conditions at regulated pricing conditions.

The unbundling of the Orange's copper lines is the main line of action in terms of sector regulation. It is through unbundling that multiservice offers such as the "triple play" offers on telephone lines that can support them have developed in France.

Unbundling requires operators to make considerable investments; the geographic coverage of operators is only extended gradually over the territory. Complementing unbundling, alternative operators have sometimes, on an infra-national basis, used wholesale offers of DSL run by Orange that enable them, to date, to market internet access services and telephone services over the entire territory in retail markets.

This new framework defines non-discriminatory obligations that have been strengthened in accordance with the European Commission's recommendation of September 11, 2013, on consistent non-discrimination obligations and costing methodologies to promote competition and enhance the broadband investment environment.

On December 21, 2017, ARCEP adopted, through its decision no. 2017-1570, the following rate cap covering years 2016 to 2020 on access to Orange's copper local loop:

		2016	2017	2018	2019	2020
Full Unbundling	**Monthly fee for unbundling**	€ 9.10	€ 9.45	€ 9.31	€ 9.41	€ 9.51
	Total unbundling fees	€ 50	€ 50	€ 50	€ 50	€ 50
	Termination	€ 15	€ 15	€ 5	€ 5	€ 5
	After-sale services	€ 105	€ 105	€ 105	€ 105	€ 105
Partial Unbundling	**Monthly fee for unbundling**	€ 1.77	€ 1.77	€ 1.77	€ 1.77	€ 1.77
	Total unbundling fees	€ 66	€ 66	€ 66	€ 66	€ 66
	Termination	€ 35	€ 35	€ 35	€ 35	€ 35

Asymmetric regulation of voice call termination markets and the regulatory framework specific to fixed broadband and superfast broadband

Analysis of fixed voice call termination markets

ARCEP decision no. 2017-1453 of December 19, 2017 established the fifth round analysis of the wholesale markets for fixed voice call terminations and mobile voice call termination for the period from January 1, 2017 to December 31, 2020. Every fixed-line operator is deemed to exercise significant influence on the market for the termination it provides on its individual network.

Contrary to decision no. 2014-1485, which applies to the fourth round analysis, decision no. 2017-1453 does not set caps for fixed call terminations, but merely provides the possibility for ARCEP to impose such caps at any point of time during the designated period if required.

The regulatory environment specific to fiber optic superfast broadband

Pursuant to law no. 2008-776 of August 4, 2008, any entity that (i) is establishing or has established an optical fibre ultrafast broadband electronic communications line in an existing building or (ii) exploits an optical fibre ultrafast broadband electronic communications line, and which makes it possible to serve an end-user, must satisfy all reasonable requests from operators for access to said line. Except in cases defined by the regulatory authority, access is to be provided under transparent and non-discriminatory conditions from a point located outside the limits of the private property, and which allows third-party operators to connect to it, under reasonable economic, technical and access conditions. Any refusal to provide this access must be justified.

ARCEP has specified the regulatory framework and the principles set forth in Article L. 34-8-3 through several decisions and recommendations successively published since December 2009.

These decisions organize rules for sharing the terminal portion of FTTH networks, i.e., downstream of the shared access point, in very densely populated areas and outside of them, in particular by specifying the obligations of the building operator regarding information provided to the commercial operator.

The decision no. 2009-1106 of December 22, 2009 for example defines very high density areas as densely populated municipalities where infrastructure-based competition is possible, and stipulates that the list of municipalities that make up these areas could be adjusted should the need arise.

ARCEP decision no. 2015-0776 of July 2, 2015 has specified and strengthened the obligations of building operators: they must guarantee the availability, traceability and non-discriminatory nature of information provided to commercial operators.

On April 23, 2019, ARCEP required SFR to implement all the obligations relating to its entire Fiber to Home (FTTH) network (outside dense territories) as imposed by decisions no. 2009-1106 and no. 2015-0776.

In addition, Article 117 of law no. 2015-990 of August 6, 2015 on economic growth, activity and equal economic opportunities instituted the status of fiber-covered zone (zone fibrée) that can be obtained once the establishment

or operation of a fiber optic network that is open to sharing are advanced enough to trigger measures facilitating the switch over to superfast broadband, i.e., promoting the migration from a copper local loop to optic local loop.

On, February 18 2016, ARCEP launched an observatory on mobile network rollouts in sparsely populated areas and officially notified Bouygues Telecom and SFR to meet their next deadline to provide 4G coverage in sparsely populated areas. ARCEP has also decided to closely scrutinize Bouygues Telecom and SFR 4G rollouts in sparsely populated parts of France. ARCEP approved the draft agreement between the four operators (as part of the town-centers coverage programme since "**Macron Law**") concluded to provide 2G and 3G coverage in the country's town centres.

Pursuant to law no. 2016-1321 of October 2016, article L. 33-11 of the CPCE and decree no. 2016-1182 of August 30, 2016, application for the status of fiber-covered zone must be made by the operator that rolls out the new fiber optic network, or by the local authority that established it under Article L. 1425-1 of the General Local Authorities Code. The status is granted by ARCEP after having emitted a favorable opinion, which lists the petitioner's obligations.

Law no. 2018-1021 of November 23, 2018 has amended Article L. 1425-1 of the General Local Authorities Code to strengthen the obligation for any fiber network operator to grant access to their infrastructure when no other fiber network has been rolled out in the area.

Regulatory framework specific to mobile operators

Obligations relating to networks and frequencies

Conditions for authorizations to use frequencies

Article L. 33-1 of the CPCE authorizes mobile operators to use frequencies to establish and operate 2G, 3G and 4G generation networks. These frequencies can be used in accordance with the conditions laid down in the EECC and the conditions laid down by the licenses to use the frequencies granted by ARCEP. These instruments are supplemented by the harmonization decisions of the Electronic Communications Committee (ECC) of the European Conference of Postal and Telecommunications Administrations (CEPT), as well as recommendations on the coordination of radio frequencies at borders. Within France, ARCEP lays down technical conditions for the use of radio frequencies for certain frequency bands.

New frequency allocation schedule and reallocation of frequencies

Following the allocation of frequencies in the 700 MHz band, new frequencies bands will be allocated in France in the years ahead (900 MHz, 1800 MHz and 2.1 GHz bands).

ARCEP reallocated said frequencies on November 15, 2018 (ARCEP decision no. 18-1393).

SFR's licenses to use frequencies will expire as follows:

- On March 24, 2031 for the 900 and 1800 MHz frequencies;
- On August 20, 2031 for the 2.1 GHz frequency;
- On June 7, 2030 for the 2.1 GHz frequency that was granted in 2010;
- On October 10, 2031 for the 2.6 GHz frequency; and
- On December 7, 2035 for the 700 MHz frequency.

4G frequency refarming

The 1800 MHz band is one of the two frequency bands that have historically been used by 2G networks. It is now due to progressively be reused more efficiently by 4G services. Consequently, the terms of mobile operators' licenses need to be amended to lift the 2G-only restriction they contain.

To make the band technology-neutral and to prepare for its reuse by 4G services, ARCEP published in March 2013, a guidance document for the introduction of technological neutrality in the 1800 MHz band (definition of the method applied in case of early request for the introduction of technological neutrality, i.e., before May 25, 2016, under the terms of Ordinance No. 2011-1012 of August 24, 2011 on the transposition of Directive 2009/140/CE) or before this date if the parties that hold licenses in that band so request.

ARCEP put these guidelines into effect when Bouygues Telecom requested that the technological restrictions listed in its license be lifted. As a result:

- Bouygues Telecom was authorized to use 4G at 1800 MHz from October 1, 2013 by ARCEP Decision No. 13-0514 of April 4, 2013.

- Free Mobile was authorized to use technologically neutral frequencies at 1800 MHz under ARCEP Decision No. 14-1542 of December 16, 2014.

- As for Orange and SFR, ARCEP authorized them to deploy 4G networks in the 1800 MHz starting on May 25, 2016 pursuant to Decision Nos. 2015-0975 and 2015-0976.

- Starting from June 13, 2017, SFR was also authorised to use 4G at 2.1 MHz by ARCEP Decision no. 2017-0735.

5G frequency allocation

On September 14, 2016, the European Commission unveiled an action plan for the deployment of 5G networks throughout Europe and the harmonization of infrastructure technical specifications.

In this context, decree no. 2019-1592 of December 31, 2019, initiated the 5G public tender and the ministerial decree of December 30, 2019 determined modalities and conditions for the tender.

31 frequencies in the 10 MHz band will be allocated as follows:

- Four blocks of 50 MHz are expected to be allocated at a set price provided the operators agree on several commitments detailed in the tender specifications; and

- The remaining frequencies will be allocated through an auction process, per blocks of 10 MHz.

Bidders are invited to submit their offer to ARCEP before February 25, 2020.

Network sharing

As stated in ARCEP Opinion No. 2012-1627 of December 20, 2012, while competition through infrastructure is important in ensuring competitive dynamics and a high level of investment, the sharing of networks is not incompatible with the goal of promoting competition. In a context of increased competitive pressure, and even as investment requirements remain significant, in particular in the rollout of 4G, the sharing of networks can offer operators a means to cut costs and deliver gains to users in terms of extending coverage and improving service quality.

The sharing of networks and frequencies is encouraged and even imposed in France through several specific mechanisms aimed at achieving the shared goal of expanding mobile coverage across the national territory:

- the “white zones” program initiated in 2003 under the auspices of the Minister for Regional Planning and ARCEP, to provide 2G coverage to the village centers of about 3,300 municipalities;

- an agreement on 3G network sharing, in accordance with ARCEP Decision No. 2009-329 of April 9, 2009, signed on February 11, 2010 by three mobile operators (SFR, Orange and Bouygues Telecom), providing for the sharing of 3G network infrastructure among mobile operators in the country’s less densely populated areas. The agreement was supplemented by the signing of an agreement on July 23, 2010 with Free Mobile setting out arrangements for its deferred joining mechanism; and

- obligations to share networks and frequencies arising from authorizations to use 4G frequencies, providing that authorization holders cover, within a maximum period of 15 years (until January 2027), the village centers of municipalities located in the "white zones" and requiring that they jointly carry out the sharing of the 800 MHz band;

- incentives to share frequencies arising from authorizations to use 4G frequencies in the 700 MHz band (Bouygues Telecom, Free Mobile, Orange and SFR) also providing that their holders cover, within a maximum period of 15 years (until January 2027), the village centers of municipalities located in the "white zone" and urging them to sign framework agreements providing for a schedule and conditions under which, where necessary, the sharing of frequencies in the 700 MHz band will take place;

On May 27, 2014, by Decision No. 2014-0625-RDPI, ARCEP opened an administrative investigation into four mobile network operators with regard to their obligations to provide 3G coverage in less densely populated areas of the country in accordance with the agreement to share 3G network infrastructure in those areas. Article L.34-8-5 inserted in the CPCE Law No. 2015-990 of August 6, 2015 on Economic Growth, Activity and Equal Economic Opportunities provides for the signing of a new agreement among the State, local authorities and mobile network operators aimed at ensuring coverage of less densely populated areas. In anticipation of that arrangement, a memorandum of understanding was signed by mobile operators in May 2015, under which operators are bound to provide 2G coverage to the "white zones" by the end of 2016 and 3G coverage to the same zones by mid-2017.

Apart from these specific arrangements, the conditions under which network or frequency sharing agreements in general can be carried out by mobile operators were specified by the Competition Authority in an opinion issued on March 11, 2013.

On January 31, 2014, SFR and Bouygues Telecom announced the signing of an agreement on the sharing of part of their mobile networks (see "*Business of the Group—Material Contracts—Wireless Network Agreements—Bouygues Telecom Agreement*"). In a press release issued on January 31, 2014, ARCEP welcomed the agreement, provided that three conditions are met: (i) maintenance of the operators' strategic and commercial autonomy; (ii) absence of foreclosure effects; and (iii) improvement of the services provided to users in terms of coverage and quality of service. In addition, the signing of the agreement was referred to the Competition Authority by Orange on April 29, 2014. The Competition Authority's approval of the SFR and Bouygues Telecom agreement was thereafter amended several times, such amendments being examined and approved by ARCEP.

On June 16, 2016, after public consultation, ARCEP adopted guidelines on network sharing. Said guidelines were challenged before the Conseil d'Etat by Bouygues Telecom and Free. Their requests for annulment of the guidelines were dismissed by the Conseil d'Etat on December 15, 2017.

National Roaming

Roaming is another form of infrastructure sharing between operators under which an operator receives the customers of another operator on its network. Only the host operator's frequencies are used.

Roaming is implemented in France through several sets of specific measures including, in particular, (i) the "white zones" program initiated in 2003 and referred to above, (ii) the arrangement concerning Free Mobile's 2G and 4G roaming rights, and (iii) the general provisions of Article L. 34-8-1 of the CPCE.

In its 3G authorization, Free Mobile had a roaming right on the network of one of the three 2G operators until January 2016. In March 2011, Free Mobile signed a 2G roaming agreement with Orange, later extended to 3G, which was in force until 2018. On January 12, 2016, using its new power from the Macron Law, ARCEP hastened the end of the roaming arrangements between Free Mobile and Orange:

For 3G services, the agreements should be terminated between the end of 2018 and the end of 2020.

For 2G services, the termination could come into effect between the beginning of 2020 and the end of 2022.

Free Mobile also has a 4G roaming right on the network of SFR, under which it obtained two 4G frequency blocks in the 800 MHz band.

Updates on Overseas Market

Overseas roaming refers to the ability to use her mobile phone plan when traveling in France but in French Territory that are not covered by her original operator (overseas departments and territories). This is identical to international roaming, when a user from France travels abroad, or a foreign user is travelling in France

On January 21, 2016, ARCEP provided the Government with its opinion on roaming charges in France's overseas markets. In 2015, the Government had solicited ARCEP's expertise to inform the debate over the Law no. 2015-1268 on updating laws in French overseas departments and territories, which ultimately inserted a provision into the CPCE that puts an end to roaming fees for mobile telephone calls and short text messages (SMS) for users travelling between Metropolitan and overseas France, starting on May 1, 2016. ARCEP considers that this new provision will substantially destabilize overseas markets.

Law no. 2015-990 of August 6, 2015 on Economic Growth, Activity and Equal Economic Opportunities amended the CPCE, giving ARCEP new prerogatives in terms of network sharing and allows ARCEP, after obtaining the opinion of the Competition Authority, to request the amendment of existing agreements, by specifying their geographical limits, term or conditions for their implementation. On January 12, 2016, ARCEP published draft guidelines for public consultation, in order to provide operators with greater visibility regarding the consequences of this change in legal framework.

Since June 2017, overseas departments and territories roaming fees have been scrapped pursuant to the Roaming Regulation.

Complementary regulatory framework applicable to mobile operators and symmetrical regulation from market analyses—mobile voice call termination and SMS voice call termination

Complementary regulatory framework applicable to mobile operators

Apart from the general obligations applicable to every network operator or provider of electronic communications service to the public (as specified in particular in Article L. 33-1 as well as in Articles D. 98-3 to D. 98-13 of the CPCE), mobile operators must meet certain complementary obligations applicable to them.

The Macron Law added a new Article L. 34-8-5 to the CPCE pursuant to which the French State, local governmental authorities and mobile operators may conclude an agreement defining the conditions of coverage of zones where no mobile service was then available. The agreement defines the conditions under which local governmental authorities can, after having determined that private initiatives are lacking, put certain types of infrastructure at the disposal of a service provider in order to provide 3G mobile services in such un-serviced zones.

ARCEP Decision no. 2012-0855 on the reorganization of number ranges starting with 06 and 07 provides for the creation of a mobile number range extending to 14 digits in mainland France and a ban on the use of 10-digit mobile numbers for Machine-to-Machine ("**M2M**") communication services in mainland France effective January 1, 2016.

Due to difficulties faced by operators in implementing this decision and following the drop in the annual mobile number assignment rate, but without calling into question the risk of saturation linked to the increase in M2M requirements, ARCEP Decision no. 2015-1295 of October 22, 2015 authorized operators who make such request to postpone the ban on assigning 10-digit mobile numbers for M2M communications until June 30, 2017.

Beyond these general obligations, mobile operators are also bound by symmetrical regulation obligations as part of market analyses conducted by ARCEP.

Analysis of mobile voice call termination markets

The regulation of mobile voice call termination rates led to a steady and significant drop in the caps of these rates over time as shown in the following table indicating how they changed for operators in mainland France:

	2002	2003	2004	2005	2006	2007	2008	As of July 1, 2009	As of July 1, 2010	From July 1, 2011 to Dec. 30, 2011	From Jan. 12, 2012 to June 30, 2012	July 1, 2012 to Dec. 30, 2012	As of Jan. 1, 2013	As of July 1, 2013	As of Jan. 1, 2015	As of Jan. 1, 2016	As of Jan. 1, 2017
	In c€																
Orange SFR	20.12	17.07	14.94	12.5	9.5	7.5	6.5	4.5	3								
Bouygues Telecom Télécom	27.49	24.67	17.89	14.79	11.24	9.24	8.5	6	3.4	2	1.5	1	0.8	0.8	0.78	0.76	0.74
Free Mobile Full MVNO												1.6	1.1				

Source: ARCEP

ARCEP Decision No. 2014-1485 of December 9, 2014 established the fourth round analysis of the wholesale markets for fixed voice call terminations and SMS mobile voice call termination in mainland and overseas France for the period from January 1, 2015 to December 31, 2017. Concerning mobile voice call termination markets (market 7), every mobile and Full MVNO operator is deemed to exercise significant influence on the market for the termination it provides on its individual network. As such, the decision in particular imposes rate control obligations on each operator and sets the following caps for mobile voice call termination:

Until December 31, 2014, a c€0.08/min cap for operators in mainland France and c€1/min for overseas operators, corresponding to the last caps the previous market analysis imposed;

- From January 1, 2015, a c€0.78/min cap for 1 year;
- From January 1, 2016, a c€0.76/min cap for 1 year; and
- From January 1, 2017, a c€0.074/min cap for 1 year.

The voice call termination rates of all operators regulated in France are in line with the European Commission recommendation of May 7, 2009 on the regulatory treatment of fixed and mobile termination rates in the European Union: they are symmetrical and directed towards the long-run incremental costs of an efficient generic operator.

Owing to ARCEP's speedy implementation of this recommendation, France is one of the European Union countries where mobile voice call termination rates are lowest.

A draft decision establishing the fifth round analysis of the wholesale markets for fixed voice call terminations and SMS mobile voice call terminations in mainland and overseas France for the period from January 1, 2017 to December 31, 2020 was transmitted by ARCEP to the European Commission by the end of 2017.

According to the draft decision, the following caps are set for mobile voice call terminations:

- Until December 31, 2017, a c€0.74/min cap for 1 year;
- From January 1, 2018, a c€0.72/min cap for 1 year;
- From January 1, 2019, a c€0.70/min cap for 1 year;
- From January 1, 2020, a c€0.68/min cap for 1 year;

Analysis of mobile SMS voice call termination markets

ARCEP's regulation of SMS termination markets has led to a steady and significant drop in the pricing caps of SMS termination of operators regulated in mainland and overseas France, as shown in the following table:

	At Aug. 1, 2006	At Oct. 1, 2010	At July 1, 2011	At Jan. 1, 2012	At July 1, 2012	At Jan. 1, 2013
			In c€			
Orange and SFR	3	2	1.5			
Bouygues Telecom Télécom	3.5	2.17			1	
Réunion Mayotte zone operators						1
French West Indies and Guyana zone		3		2		

Source: ARCEP

As part of its fourth round analysis of wholesale fixed voice call, mobile voice and SMS termination markets, which was launched in 2013, ARCEP was considering maintaining and extending the regulation of SMS termination rates for three years, and the regulation appeared in the draft decision sent by ARCEP to the European Commission on October 28, 2014.

However, in its observations dated November 28, 2014, the European Commission expressed serious doubts about the draft regulation of SMS termination markets and opened a detailed investigation and discussion procedure with ARCEP and ORECE for two months (investigation phase).

After the allowed two-month period, the dialogue failed to identify any consensus on competitive risks and the regulation to be implemented to prevent them. As a result, ARCEP announced on January 29, 2015 that it was withdrawing its draft regulation of SMS terminations but would continue monitoring these markets. To date, ARCEP has not issued any decision regarding mobile SMS voice call termination markets.

Individual obligations arising from the Group's authorizations to use frequencies

SFR's authorizations to use mobile frequencies

The following table summarizes SFR's authorizations to use mobile frequencies, indicating for each frequency band the technology currently authorized, the quantity of frequencies allocated to SFR, ARCEP's decisions or orders, as well as allocation and expiration dates.

Band	Allocations	Changes	Quantity	Technologies	Allocation date	Expiration date
700 MHz	no. 15-1569		2 x 5 MHz	4G	12/08/2015	12/08/2035
800 MHz	no. 12-0039	no. 18-1393	2 x 10 MHz	4G	01/17/2012	01/17/2032
900 MHz			2 x 10 MHz	2G, 3G	11/15/2018	03/24/2031
1800 MHz	no. 06-0140	no. 08-0228 no. 10-0399 no. 11-1018 no. 12-0281 no. 15-0976	2 x 23.8 MHz	2G	30/25/2006	03/24/2031
2.1 GHz	order of July 18, 2001 no. 01-0647	orders of January 7, 2002, December 3, 2002, December 16, 2003 no. 01-0972 no. 01-1195 no. 02-0052 no. 03-0201 no. 04-0069 no. 17-0735 no. 18-1393	2 x 14.8 + 5 MHz	3G	08/21/2001	08/20/2031

Band	Allocations	Changes	Quantity	Technologies	Allocation date	Expiration date
2.1 GHz	no. 10-0633	no. 17-0735	2 x 5 MHz	3G, 4G	06/08/2010	06/08/2030
2.6 GHz	no. 11-1171		2 x 15 MHz	4G	10/11/2011	11/10/2031

The values indicated in the above table reflect the frequency quantities allocated to SFR in 2015. These values changed in 2016, in accordance with ARCEP Decision no. 15-0976 of July 30, 2015, for the 1800 MHz band:

- 2 x 21 MHz to 1800 MHz, from January 1, to March 14, 2016;
- 2 x 28.1 MHz to 1800 MHz, from March 15, to May 24, 2016;
- 2 x 20 MHz to 1800 MHz, from May 25, 2016.

SFR is authorized to use 4G in the 1800 MHz band as of May 25, 2016, under ARCEP decision no.15-0976 of July 30, 2015.

In accordance with ARCEP Decision no. 2018-1393 of November 15, 2018, SFR was granted the use of the following frequencies:

- 906.2 - 914.9 MHz and 951.2 - 959.9 MHz for the 900 MHz frequency from 03/25/2021 to 03/24/2031;
- 1730 - 1750 MHz and 1825 - 1845 MHz for the 1800 MHz frequency from 03/25/2021 to 03/24/2031;
- 1925.5 - 1935.3 MHz and 2115.5 - 2125.3 MHz for the 2100 MHz frequency from 08/21/2021 to 08/20/2031.

In addition to the general obligations or symmetrical regulation described above, there are individual obligations linked to commitments made by SFR when it was granted the different authorizations to use frequencies for which it holds authorizations.

The individual authorizations are mainly the following:

3G coverage commitments

The table below summarizes the 3G coverage commitments applicable to SFR:

Time frame	December 31, 2010	December 31, 2011	December 31, 2013
Coverage obligation (as a % of the population coverage).....	88%	98%	99.3%

Source: ARCEP

Under Decision No. 2014-0624-RDPI of May 27, 2014, ARCEP opened an administrative inquiry into SFR to examine compliance with its commitment with respect to the last deadline for deploying its 3G mobile network, corresponding to 99.3% of coverage. The ARCEP haven't published any results of this inquiry yet regarding the 3G coverage of SFR. Please note that the lack of publication pertaining to the administrative inquiry can mean either that (i) ARCEP is still investigating the matter or (ii) ARCEP is considering whether to close the matter or to open a sanction procedure.

Finally, ARCEP's tool named "monreseaumobile.fr" allowing any end-consumer to assess the coverage and the quality of the services provided for by any service provider tends to show that SFR currently complies with its coverage obligations.

Commitments in respect of superfast mobile broadband

The schedule below summarizes the deployment obligations set forth by SFR's 4G licenses in the 700 MHz, 800 MHz and 2.6 GHz bands:

Deadline	**10/11/2015**	**01/17/2017**	**10/11/2019**	**01/17/2022**	**10/11/2023**	**01/17/2024**	**01/17/2027**	**12/08/2030**
In the priority deployment area (18% of population and 63% of the territory		40% (800 MHz)		90% (800 MHz)			97.7%(*) (800 MHz)	
				50% (700 MHz)			92% (700 MHz)	97.7% (700 MHz)
In each *département*						90% (800 MHz)	95% (800 MHz)	
							90% (700 MHz)	95% (700 MHz)
	25% (2.6 GHz)		60% (2.6 GHz)		75% (2.6 GHz)			
Across mainland France						98% (800 MHz)	99.6% (800 MHz)	
							98% (700 MHz)	99.6% (700 MHz)
High-priority routes								100% (700 MHz)
				60% (700 MHz)			80% (700 MHz)	90% (700 MHz)
National rail network							60% (700 MHz)	80% (700 MHz)

(*) Obligation that does not appear in authorizations, but results automatically from the obligation to cover 99.6% of the mainland France population.

Coverage commitments in priority deployment areas would have to be met using 800 MHz and 700 MHz frequencies. The other coverage obligations can be met using all the superfast mobile broadband frequencies allocated to SFR.

Under a new decision no. 2016-0244 of February 18, 2016, ARCEP sent a formal notice to SFR inviting the operator to respect their commitment of 4G coverage before January 17, 2017 (in January 2016 the 4G coverage of SFR was 8% where such coverage has to be 40% of coverage 2017).

In early 2019, ARCEP estimated that SFR's 4G network covered 99% of the French population and 83% of the territory of metropolitan France. SFR complies with its obligations concerning general superfast mobile broadband coverage.

MVNOs (Mobile Virtual Network Operators) hosting commitments

During the procedure to allocate residual frequencies of the 2.1 GHz band, SFR undertook to host MVNOs on its network under conditions "that do not restrict, without objective justification, competition on the wholesale hosting market of MVNOs and the commercial autonomy of MVNOs on the retail market".

Also, under its 4G license in the 800 MHz band, SFR notably undertook to:

(i) meet "reasonable requests to host on its mobile superfast broadband network opened to the public";

(ii) provide the MVNOs it hosts on its network with "hosting on economic terms that are reasonable, taking into consideration prevailing conditions on the wholesale and retail markets on which SFR operates, and compatible with the exercise of effective and fair competition on these markets; and

(iii) make "an offer based on the a full-MVNO architecture and involving the provision of access to its radio local loop "under conditions allowing its effective operation, in particular under non-discriminatory conditions in terms of quality of service in relation to those available to SFR for its own services".

Free Mobile's 4G roaming right in the 800 MHz band in priority deployment areas

SFR, which holds an authorization combining two blocks of 800 MHz band, must allow Free Mobile to roam, if Free Mobile makes a reasonable request, (i) once Free Mobile's 2.6 GHz network reaches 25% population coverage, and (ii) if Free Mobile does not already have roaming hosting on the mobile superfast broadband network of another frequency holder in the 800 MHz band. This right concerns 4G in the priority deployment area in the 800 MHz band or 18% of population and 63% of the territory.

Legal Status of Networks

General considerations

Telecommunications networks are predominantly comprised of physical infrastructure, such as cable ducts, network nodes and switches, in which telecommunications equipment, such as cable, is laid. These components may be subject to differing legal and regulatory considerations. As a consequence of the fact that the Group's physical infrastructure is built on both public property and private property owned by third parties, the Group has signed concessions agreements, farming contracts, public property occupancy agreements and leases with various property owners. The Group also benefits from certain easements and indefeasible rights of use ("**IRUs**") granted by land owners. The Group has also entered into certain agreements with Orange regarding use of its infrastructure.

The Group has built its network by acquiring and combining entities with established networks under differing regulatory regimes. Such entities previously operated under a combination of the regulatory frameworks described below.

Telecommunications equipment may be owned directly by telecommunications operators or third parties and several telecommunications operators may occupy and utilize the same infrastructure.

In accordance with Articles L. 2122-2 and L. 2122-3 of the general public property code, regional and local authorities may terminate public property occupancy agreements at any time by demonstrating that such action is in the public interest. Moreover, upon the expiration of a public property occupancy agreement, the occupant may be contractually obligated to: (i) return the entire network to regional or local authorities, in some cases for consideration corresponding to the fair market value of the network, and in other cases in absence of any consideration (ii) remove the entire network at the expense of the occupant or the regional or local authorities, (iii) transfer the network to other operators approved by regional or local authorities, or (iv) repurchase the network. In accordance with the law applicable to public property occupancy agreements, upon the expiration of leases designated as 'long-term leases', the infrastructure and equipment occupying the property reverts to regional and local authorities.

Specific Characteristics of the Cable Network

Networks utilizing Orange's infrastructure

In 1982, the French Government launched the Cable Plan (instituted by the laws of July 29, 1982 and of August 1, 1984). Pursuant to the Cable Plan, the cable network was initially built by the French Government prior to being transferred to Orange (the incumbent telecommunications operator in France). The network was initially operated by certain local entities funded by both private and public funds that the Group subsequently acquired. During such acquisitions, Orange granted the Group several IRUs over its infrastructure, which primarily consisted of ducts. These IRUs were entered into at different periods of time, and each granted the Group IRUs over Orange's infrastructure for 20 years. The renewal of the first IRU is scheduled to be negotiated with Orange in 2019.

In compliance with ARCEP decision 2008-0835 of July 24, 2008, on September 15, 2008, Orange published a technical and pricing quotation regarding third party access to its civil local loop fiber optic infrastructure, enabling third party telecommunications operators to deploy their own fiber optic networks through the use of Orange's ducts.

Orange invoked this ARCEP decision to unilaterally modify its IRU agreements with the Group in 2010, making the Group's contractual conditions to access Orange's facilities substantially more complicated and restricted as far as the Group's optical fiber network management and extension process is concerned. The case with regard to SFR Fibre's claims against Orange was dismissed by the Supreme Court (*Cour de cassation*) on March 27, 2019.

Therefore, by writ of summons dated October 7, 2010, SFR Fibre filed an action against Orange before the Commercial Court of Paris, seeking damages for breach of contract in the amount of €2,400 million and/or a €894 millions award as reimbursement by Orange of the sums initially paid by the Group in consideration of the 20 year contractual term agreed in each IRU contract.

New Deal Plan

In 1986, the government launched the *Plan Nouvelle Donne* (the "**New Deal Plan**") pursuant to law 86-1067 of September 30, 1986 on the freedom of communication. This new regulatory framework authorized public local authorities to either build their own networks, or alternatively, to have such networks built by private entities. Several private entities that the Group subsequently acquired were commissioned to build such networks and secured both occupancy and usage rights as well as concessions to operate such networks for 20-30 year periods.

The New Deal Plan did not involve the use of standard-form contracts. Consequently, uncertainty arose surrounding the ownership of networks under certain long-term contracts between telecommunications operators and regional and local authorities. A main source of uncertainty related to contracts identified as "public service delegation contracts". Under a public service delegation contract, infrastructure and equipment used to provide public services are considered to be 'returnable assets' and consequently revert free of charge to local authorities upon the expiration or termination of the contract.

Law 2004-669 of July 9, 2004, which transposed the 2002 Telecoms Package into French law, imposed an obligation on local authorities to refrain from granting exclusive contractual rights for the establishment and/or operation of networks. In addition, law 2008-776 of August 4, 2008 authorized local authorities to grant rights of access to their networks to competitors of the Group, even in instances where such rights of access would be contrary to contractual obligations of local authorities under agreements entered into with the Group. In a July 2007 report, ARCEP opined that while consequent disagreements related to the breach of such contractual obligations could only be definitively decided by the judiciary on a case-by-case basis depending on the wording of each individual contract, contracts entered into between private operators and local authorities after 1990 (following law 90-1170 of December 29, 1990, which enabled municipalities to operate independent telecommunications networks within the framework of the Plan Nouvelle Donne) were deemed public service delegation contracts and therefore integrated the idea of networks as "returnable assets" which revert to local authorities upon contractual expiration or termination.

In order to clarify the conditions for compliance related to agreements entered into prior to the imposition of law 2004-699, the Group proposed, in May 2010, to ARCEP that ownership of civil infrastructure under such agreements (i.e., ducts) should be granted to local authorities while ownership of telecommunications equipment and existing cables should be granted to the Group through a process of transfer.

This proposal resulted in the standardization of settlement agreements which incorporated the Group's proposal. Under the new standardized agreements, the Group also obtained non-exclusive rights to use its own telecommunications equipment in ducts located on public property that had reverted to local authorities. The non-exclusive nature of these rights also enabled the Group's competitors to install and use their own equipment in such ducts.

See "*Risk Factors—Risks Relating to Legislative and Regulatory Matters—The legal status of the Group's network is complex and in certain cases subject to challenges or renewals*" for a description of the risks associated with the legal status of the Group's network.

Regulation of audiovisual services

The transmission and broadcast of radio and television services, irrespective of the method of transmission, falls within the scope of the 2002 Telecoms Package and is therefore subject to supervision by NRAs.

The supervisory powers of the French audiovisual sector regulator—the CSA—were extended by law 2004-669 of July 9, 2004 and law 2013-1028 of November 15, 2013 to cover all forms of radio, television and on-demand audiovisual services, irrespective of the method of transmission or broadcast. As a distributor of radio, television and on-demand media services, the Group is required make certain disclosures regarding its operations to the CSA.

Pursuant to Articles 42-1 and 42-2 of law 86-1067 of September 30, 1986, the CSA may sanction operators found to be in breach of the regulatory framework. Such sanctions include the mandatory suspension from the

distribution of services and a fine of up to 3% of the operator's annual revenues, or 5% in the event of repeated breaches.

As a distributor of audiovisual services, the Group is subject to certain "must-carry" obligations which require cable, satellite or ADSL service providers to provide certain mandatory services on its network.

These must-carry obligations are governed by Articles 34-2, 34-4 and 34-5 of law 86-1067 of September 30, 1986.

Article 34-2 provides that all network types operating outside of the terrestrial frequencies allocated by the CSA must include the following television channels to subscribers free of charge: France 2, France 3, France 5, Arte, TV5, France Ô and La Chaîne Parlementaire. In addition, where a digital offering is concerned, France 4 must also be provided free of charge. For non-satellite offerings, distributors must provide their subscribers with local public initiative services intended to inform the public of local activities.

Pursuant to Article 34-4 of law no. 86-1067 of September 30, 1986, all French private terrestrial television channels (e.g., TF1 or M6) can demand that their programs be carried by the distribution network operators (cable, satellite, ADSL and mobile devices) and the latter must allow an access to the decoders and reference the programs of this channel in its TV guides. The French constitutional, in Decision no. 2004-497 of July 1, 2004, confirmed that pursuant this article, the private television channels have a right of access to decoders and a right of access to TV guides of the distributors.

Article 34-5 requires that digital electronic communications networks air all of France 3's regional programs.

The CSA is also empowered to regulate the content of the services distributed in France. Article 15 of law 86-1067 of September 30, 1986 provides that the CSA must enact rules to protect minors against programs which are considered to be dangerous to physical and mental health. The CSA has accordingly enacted strict rules regarding the use of specific pictograms on programs that are deemed to be unsuitable for minors. As an operator and distributor of television services, the Group ensures strict compliance with such regulations.

On December 5, 2019, a bill has been introduced before Parliament which aims at merging CSA and HADOPI (which are both independent administrative authorities) into a single one to be called the *"Autorité de régulation de la communication audiovisuelle et numérique".*

Regulation of electronic communications content

Content of on-line services and liability of internet market players

The provisions regarding liability of internet providers are set out in the CPCE. Additional provisions are contained in Law n° 2004-575 of 21 June 2004 on Confidence in the Digital Economy, which states that operators offering access to an electronic communications network do not have the general obligation to review the content they transmit or store. The civil or criminal liability of an operator offering access to an electronic communications network can be sought only if it initiates the transmission, selects the receiver of the transmission or selects or modifies the information contained in the transmission.

Legislative provisions were also introduced by law no. 2010-476 of May 12, 2010, updated by order no. 2019-2015, to facilitate competition and to regulate online gambling and the gaming sector more generally. Law 2011-267 of March 14, 2011 on the policy and programming of the performance of internal security processes requires access providers to block access to certain websites and online content, such as illegal gambling sites and content involving sexual abuse of children, at the request of the French Online Gambling Regulatory Authority, which became the National Gambling Authority on January 1, 2020, or the Ministry of Interior (*ministère de l'intérieur*).

Laws 2018-1201 and 2018-1202 of December 22, 2018, have stepped up the fight against information manipulation. First, online platforms are subject to an obligation of transparency in political campaigns, in particular with respect to the information relating to the person or company paying for advertisements (Article L. 163-1 of the French Electoral Code). Second, online platforms are required to take measures to prevent the dissemination of false information that may disturb public order or alter the accuracy of votes. To meet this requirement, they must set up a system enabling users to report false information, as well as additional measures such as "*algorithm transparency*", "*banning accounts that massively spread false information*" or "*informing users about the nature, origin and methods of content dissemination*". These measures, as well as the resources devoted to them, must be made public and communicated annually to the CSA, to become the "Autorité de

régulation de la communication audiovisuelle et numérique". Third, a special emergency procedure has been enacted in Article L. 163-2 of the Electoral Code, making it possible, in the three months preceding elections, to refer to the judge in charge of emergency applications (*juge des référés*) any "*deliberate, artificial or automated and massive online dissemination*" of inaccurate or misleading information that may alter the sincerity of the election. The judge may order internet service providers to stop any such dissemination within 48 hours.

On July 9, 2019, the French National Assembly adopted a bill to curb hateful content online. The bill requires online platforms above a specified threshold to remove within 24 hours of a formal demand content inciting hate or abuse on the grounds of race, religion, ethnicity, gender, sexual orientation or disability. Once removed, the harmful content shall be kept during one year in case of criminal investigation. The penalty for failing to comply may reach 4% of the platform's worldwide turnover. The bill was still under review before the French Parliament on January, 2020.

On September 12, 2018, the EU Commission presented its proposal for a new EU Regulation fighting online terrorist content. The Commission proposed a legally binding one-hour deadline for removing content following a removal order from the relevant national authorities. Member States would have to put in place effective, proportionate and dissuasive penalties for not complying with removal orders. If a service provider systematically fails to comply with removal orders, it could face severe financial penalties. The proposed EU regulation has been adopted by the EU Parliament on April 17, 2019. The EU Council has not yet examined the text.

On October 18, 2019, the French Parliament adopted law no. 2019-1063 to modernise the press distribution. ARCEP becomes the national regulatory entity in press-related matters. The law aims at imposing transparency obligations for online news aggregators (they have to be transparent about the choices of titles highlighted by their algorithm).

Copyright and the internet

Pursuant to law 2009-669 passed on June 12, 2009 promoting the distribution and protection of creative works on the Internet, a specific 'graduated response' system was introduced with the aim of limiting illegal downloads. An independent and autonomous body, *la Haute Autorité pour la Diffusion des œuvres et la Protection des Droits sur Internet* (the High Authority for the Distribution of Art Works and the Protection of Rights on the Internet), to become part of the "Autorité de régulation de la communication audiovisuelle et numérique", was set up to manage and transmit electronic messages to individuals engaging in the illegal downloading of online content. On October 28, 2009, law 2009-1311 was passed to supplement the 'graduated response' system by providing that in the event of repeat infringement, a judge may impose a fine or suspend the Internet access of the individual responsible for the illegal download. This latter sanction was nevertheless later repealed by decree 2013-596 of July 8, 2013.

The president of a French court may issue, through a fast-track procedure, orders requiring internet service providers to block access to websites that infringe third party rights (Article L. 336-2 of the French Intellectual Property Code; Article 6-I-8 of the Law n° 2004-575 of June 21, 2004 among others). The costs are borne by the internet service providers.

Measures to modernize copyright rules (especially the Directive 2001/29/EC) in light of the digital revolution and new consumer behavior have been announced by the European Commission, as part of an ambitious legislative program to create a Digital Single Market. The "Digital Single Market Strategy for Europe", set out in the Commission Communication of May 6, 2015, outlined key areas for legislative action to create a more modern European copyright framework, and to improve access to digital content, as part of its pillar on "Better online access for consumers and businesses across Europe".

EU Regulation 2017/1128 of June 14, 2017 on cross-border portability of online content services in the internal market aims at ensuring that consumers who buy or subscribe to films, sport broadcasts, music, e-books and games can access them when they travel in other EU countries.

On March 26, 2019, European Parliament adopted the new Directive on copyright in the Digital Single Market, which provides (i) that the largest online platforms are directly liable for content uploaded by users, (ii) for a special ancillary right protecting the work of designers and news publishers that is used by online platforms and (iii) for new exceptions to copyright allowing users to freely use copyrighted material for data mining purposes or to preserve cultural heritage. On April 15, the European Council adopted the Directive. On May 17, 2019, the Directive has been published in the Official Journal of the EU. Member States will then have 24 months to enact

the new rules into their national legislation. Whether Member States will adopt consistent or differing interpretations of the Directive remains to be seen, being specified that Poland already filed a complaint against such Directive before the European Court of Justice.

In France, law no. 2019-775 enacted on July 24, 2019, which transposed part of the Directive on copyright in the Digital Single Market, creates a specific ancillary right for news agencies and press publishers. Article L. 218-2, which entered into force on October 24th 2019, provides that online communication service providers are required to obtain prior authorization from publishers of online news services or news agencies prior to any reproduction or communication to the public of all or part of their press publications in a digital form. Consequently, online communication service providers using all or part of a press article must compensate press publishers. This special ancillary right will expire two years after the press publication is published, starting as from January 1 of the year following the date on which that press publication is published.

Processing of personal data and privacy protection

The processing of personal data is governed since May 25, 2018 by EU Regulation 2016/679 (General Data Protection Regulation or "**GDPR**"). The GDPR has replaced EU Directive 95/46/EC on privacy protection regarding the processing of personal data and the free movement of such data and modified a number of data protection principles.

The GDPR removes all prior formalities that data controllers were required to carry out with the French Data Protection Authority ("*Commission Nationale de l'Informatique et des Libertés*" or CNIL) before implementing a new processing. These formalities are replaced by a new accountability principle, which makes data controllers responsible for demonstrating compliance with the data protection principles. In particular, they must conduct and document a data protection impact assessment before implementing a processing which is likely to result in a high risk to the rights and freedoms of the data subjects. Data controllers and processors must also comply with the principles of privacy by design and by default, maintain a record of their processing activities and, in certain cases, appoint a data protection officer.

When a data controller uses the services of a data processor, it is required to conclude a contract that sets out the subject-matter and duration of the processing, the nature and purpose of the processing, the type of personal data and categories of data subjects and the obligations and rights of the controller. The contract must also contain all the mandatory provisions listed in article 28 of the GDPR.

The GDPR enshrines a wide range of existing and new rights for individuals in respect of their personal data. These include the right to be forgotten, the right to request the porting of one's personal data to a new organization, the right to object to certain processing activities or to decisions taken by automated processes. Data controllers must reply to data subjects' requests within one month.

The GDPR empowers the data protection authorities to impose fines up to the higher of €10 million or 2 per cent of a company's global turnover, in case of certain breaches of data protection laws, and up to €20 million or 4 per cent of the company's global turnover in case of breaches of the basic principles of data collection or the violation of data subjects' rights. After an initial transition period, data protection authorities across the EU have now begun using their new sanctioning powers (in 2019, Google was fined €50 million by the French authority (CNIL), British Airways and Marriott were provisionally fined respectively £183 million and £99 million by the UK authority (ICO), and many cases are currently under investigation).

In addition to the GDPR, Law n° 78-17 of January 6, 1978 on information technology, files and individual freedom (modified by Law n° 2018-493 of June 20, 2018, its implementing decree n° 2018-687 of August 1st, 2018 its rewriting Order n°2018-1225 of December 12, 2018 to be adapted to the GDPR and implementing decree n° 2019-536 of May 30, 2019) governs the data processing activities of companies established in France.

Article 58 of the 1978 Law requires data controllers, including providers of public electronic communication services (operators) to notify forthwith the French Data protection authority, (*Commision nationale de l'informatique et des libertés*, "**CNIL**") of a breach of personal data. When such a personal data breach might impact an individual's personal data or privacy, the data controller must also notify that person without delay, unless the CNIL determines that adequate protective measures have been implemented (for example, as a result of encryption) and that the personal data breach is assessed by the CNIL as not being material. Data controllers must keep an updated record of all breaches of personal data (conditions, effects and remedial measures taken) and must make said record available to the CNIL upon request.

Additional national legislation include Law No. 2016-1321 of 7 October 2016 for a Digital Republic, which sets up:

- open data policy for government data;
- principle of network neutrality and data portability;
- payment by SMS;
- a limited right to maintain an internet connection households experiencing payment difficulties may receive financial assistance from a universal solidarity fund and their connection is to be maintained by their access provider while their assistance request is under examination).

The Group is required to retain certain data in compliance with a variety of laws and regulations. Accordingly, the Group may be required to relinquish information in its possession regarding the identity, location and connection information of a user to duly authorized judicial or administrative authorities (Article L. 34-1 of the CPCE). The information subject to mandatory relinquishment does not include the content of a user's communications or the information consulted by the user. The data categories falling within the scope of this requirement are set out in Articles R10-12 and seq. of the CPCE. These requirements were supplemented within the framework of law 2015-912 of July 24, 2015 on intelligence (amended by Law n°2016-987 of July 21, 2016 and Law n°2017-1510 of October 30, 2017), which notably states that for the sole purpose of anti-terrorism, information or documents relating to an individual who has been pre-determined to pose a threat may be collected in real time on an operator's network (Article L. 851-2 of the Internal Security Code).

In accordance with Articles L. 852-1 and seq. of the Internal Security Code, the Group can also intercept electronic communications transmitted via its networks at the request of duly authorized judicial and administrative authorities. Upon authorization by the Prime Minister and in accordance with the principle of proportionality, Law n° 2015-912 (modified by Law n°2016-987 of July 21, 2016 and Law n°2017-1510 of October 30, 2017) also enables authorities to use automated processing techniques for the detection of connections likely to reveal terrorist threats through the use of an operator's network.

Law n°2019-486 dated May 22, 2019 authorizes Competition Authority and DGCCRF agents to access, for the purposes of their investigations, connection data stored and processed by telecommunications operators, subject to prior authorization from the controller of connection data requests (Article L. 450-3-3 new of the French Commercial Code). Articles R450-4 to R450-8 of the French Commercial Code set out the communication procedure regarding such data (Decree n°2019-1247 of November 28, 2019).

Security

Additionally, operators are required to implement specific measures to protect their networks.

Article L33-1 of the CPCE obligate operators to notify security and integrity breaches of public electronic communications networks and services, to ARCEP.

Under articles D. 98-3 to D98-7 of the CPCE, operators:

- shall take all measures necessary to ensure the security of communications using their networks.
- shall take measures to protect its facilities, networks, and services against threats, risks from any cause.
- must be able to respond to the government's national defence requirements and to remedy the most serious consequences of failures or destructions of facilities.
- Must ensure secrecy of correspondence transmitted by means of telecommunications.

Military Program Law n°2018-607 of July 13, 2018 and its implementing decree n°2018-136 of December 13, 2018 authorise operators to set up "*devices using technical markers solely for the purpose of detecting events that may affect the security of their subscribers' information systems*" (Article 33-14 of the CPCE). These devices may be used either on the initiative of the electronic communications operators themselves—in which case they must

inform the French cybersecurity watchdog (ANSSI)—or at the request of the ANSSI itself. Article L 2321-2-1 of the French Defence Code provides that ANSSI may use the above-mentioned devices directly on an operator's network in the event of a serious and imminent threat to the systems of a public authority, a vital operator ("**OIV**") or an essential service operator ("**OSE**").

Law n° 2018-133 of February 26, 2018 implementing the "Network and Information Security" Directive into French law and its implementing decree (decree n° 2018-384 of 23 May 2018) impose new network and information security requirements on operators of essential services and digital service providers: they must take appropriate security measures to manage the risks posed to the network and information systems, in order to prevent and minimize the impact of incidents affecting the security of their network and information systems and to ensure the continuity of their services.

Law n° 2019-810 of August 1, 2019 (as codified in Articles L34-11 and seq. of the CPCE) regarding the preservation of French defence and national security interests for the operation of mobile radio networks, and its decree n° 2019-1300 of December 6, 2019, established a prior authorisation mechanism to be granted by the French Prime Minister for all radio equipment and devices allowing the connection to a mobile network. This process ensures that the equipment and devices to be used for the development and implementation of the 5G networks will have no major security risks. Criminal penalties are applicable in the absence of said prior authorisation. The prior authorisation mechanism not only applies to new equipment and devices but also to those installed since February 1, 2019.

Domain names

Law 2011-302 of March 22. 2011, as codified in Articles L. 45 et seq. of the CPCE, regulates the assignment and management of top-level domain names in France. The Group has registered a number of domain names in France that are considered to be assets. Courts have recently strengthened domain name protections by determining that a domain name may be protected as registered trademark. Order no. 2019-1169 relating to goods and services trademarks, and its decree no. 2019-1316 of December 9, 2019, transposing Directive (EU) 2015/2436 of December 16, 2015, establish domain names as prior rights that may be used as a basis for refusing to register or cancelling a trademark.

The tax regime applicable to distributors of audiovisual services

Tax on television services

Since January 1, 2008, television broadcasters and TV service distributors have also been liable for service tax, irrespective of the electronic communication method used. Pursuant to Article 20 of the 2012 Amending Finance Law, electronic communications operators are also subject to such tax. Since January 14, 2014, the tax has been levied on revenues from income generated by users for TV services (with a 10% deduction) as well as income generated from the provision of public access to telephone services and online communication services where such services also enable the reception of television services (with a 66% deduction). The tax rate is progressive (from 0.5% for amounts between €10 and €250 million up to 3.5% for amounts above €750 million).

Turnover tax applicable to electronic communications operatorsLaw 2009-258 of March 5, 2009 on audiovisual communication and the new public television service introduced a 0.9% tax levied on the portion of a telecommunications operator's turnover (excluding VAT) relating to electronic communication services above EUR 5,000,000. This tax became effective on March 7, 2009. The tax rate was raised to 1.3% in the 2016 via law 2015-1785 of December 29, 2015.

VAT arrangements applicable to TV services

Since March 1 2018, in accordance with Article 8 of the Finance Law for 2018 (Finance Law for 2018 of December 30, 2017 n° 2017-1837, art.8), the distributors of TV services that are included in a triple-play offering (i.e., a composite offer which includes for a fixed price access to services provided by electronic means such as telephone, Internet etc.) must apply the 10% reduced VAT rate for TV services as follows:

(i) If the distributor provides both an offer with and without TV services, the 10% VAT rate will only apply to the additional price paid by the customer buying the offer with TV services compared to the price of the offer without TV services;

(ii) If and only if the distributor doesn't provide an offer without TV services, the 10% VAT rate will only apply to the sums effectively paid by the distributor (per client) to buy the distribution rights of the TV services within the limit, where applicable, of the price at which TV services relating to the same distribution rights are otherwise marketed by the distributor.

Flat-rate tax on network businesses applied to radio stations

Article 1635-0d of the General Tax Code ("**CGI**") provides for a flat-rate tax on network businesses. Under Article 1519 H of the CGI, this tax also applies to radio stations requiring an opinion or agreement from, or disclosure to, the *Agence nationale des fréquence*s (National Frequencies' Agency) in accordance with Article L. 43 of the CPCE.

Tax on sales and rentals of videograms for private use by the public

Article 1609o(B) of the CGI introduced a tax on sales and rentals of videograms for private use in France and in the French Overseas Territories. It is levied on the VAT-exclusive amount of the price paid by the customer and its legal base rate is set at 2% for general content and at 10% for adult content. The tax also applies to suppliers of on-demand video when such suppliers receive income for the provision of a video program to an end-user.

Taxes and fees required by the CPCE

- Fees for the use of radio frequencies: fees payable by mobile network operators for the use of radio frequencies are specified by the provisions of decree 2007-1532 of October 24, 2007, as amended by Decree no. 2018-825 of September 28, 2018 after a favorable opinion issued by ARCEP. Such fees are comprised of a fixed portion and a variable portion, levied on the amount of revenue, and are calculated in accordance with the provisions of Decree 2018-825;

- Interference tax: pursuant to Article L. 43-I bis of the CPCE, operators are required to pay tax aimed at fully covering the costs incurred by the National Frequencies' Agency in collecting and processing the complaints of users regarding interference caused by radio stations in the 700 MHz and 800 MHz bands. The total amount of the tax to be collected is split, within the limit of EUR 2 million per year and per band, between the holders of usage rights in such frequency bands;

- Numbering tax: pursuant to Article L. 44-II of the CPCE, operators are required to pay tax related to the numbering resources assigned them by ARCEP;

- Contribution to the spectrum re-farming fund (*fonds de réaménagement du spectre*): Pursuant to Article L. 41-2 of the CPCE, mobile operators must contribute to the spectrum re-farming fund. Such contribution is aimed at fully covering the costs of the re-farming necessary for the provision and assignment of the frequencies as well as the costs incurred in frequency allocation undertaken by the National Frequency Agency in accordance with the provisions of Articles R. 20-44-6 and R. 20-44-7 of the CPCE; and

- The administrative taxes payable by operators to cover administrative costs resulting from the implementation of the provisions of the CPCE were repealed by Article 27 of finance law 2015-1785 of December 29, 2015.

Mobile termination rates

- The European Commission adopted a Regulation (EU) 2019/2116 on November 28, 2019 setting the weighted average of maximum mobile termination rates across the Union at €0,0079 per minute.

MANAGEMENT OF THE GROUP

The Company

The Company is Altice France. Altice France is a public limited liability company (*société anonyme*) with a Board of Directors (*Conseil d'administration*), incorporated under the laws of France, registered under sole registration number 794 661 470 RCS Paris and having its registered office at 16 rue du General Alain de Boissieu, Paris, 75015 France.

The following table sets forth certain information regarding the members of the board of directors of Altice France as of the date hereof. The number of directors is not subject to any maximum limit. The sole shareholder of Altice France has the authority to dismiss any director and fill any vacancy.

Name	Age	Position
Alain Weill	58	Director
Dennis Okhuijsen	49	Director
Gerrit Jan Bakker	48	Director

Alain Weill, 58, is a director of Altice France. For Mr. Weill's biography, see "—*Senior Management of Altice Europe*" below.

Dennis Okhuijsen, 49, is a director of Altice France and Ypso Finance Bis S.A. Mr. Okhuijsen joined the Altice group in September 2012 as the Chief Financial Officer. Before joining the Altice group, he was a Treasurer for Liberty Global since 2005. From 1993 until 1996 he was a senior accountant at Arthur Andersen. He joined UPC in 1996 where he was responsible for accounting, treasury and investor relations up to 2005. His experience includes raising and maintaining non investment grade capital across both the loan markets as well as the bond/equity capital market. In his previous capacities he was also responsible for financial risk management, treasury and operational financing. He holds a master of Business Economics of the Erasmus University Rotterdam.

Gerrit Jan Bakker, 48, is a director of Altice France and Ypso Finance Bis S.A. Mr. Bakker has over 14 years of experience in the telecommunications and media sector. Mr. Bakker currently serves as Group Treasurer at Altice Europe where Mr. Bakker is responsible for group wide treasury and corporate finance activities including capital structure management, financial risk management, liquidity management, equity related activities and management reporting. His previous experience also includes service in senior roles at Liberty Global plc where Mr. Bakker served as Deputy Treasurer. Mr. Bakker earned a Bachelor of Public Administration and Bachelor of Business Administration degrees from Erasmus University in Rotterdam, The Netherlands.

Ypso Finance

Ypso Finance is Ypso Finance Bis S.A. which is a public limited liability company (*société anonyme*) organized and established under the laws of the Grand Duchy of Luxembourg having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

The following table sets forth certain information regarding the members of the board of directors of Ypso Finance as of the date hereof.

Name	Age	Position
Gerrit Jan Bakker	48	Director
Malo Corbin	36	Director
Dennis Okhuijsen	49	Director
Emilie Schmitz	37	Director
Laurent Godineau	47	Director
Davina Piret	31	Director

Malo Corbin, 36, is a director of Ypso Finance Bis S.A., Altice France Holding S.A. and the Chief Financial Officer of Altice Europe. Mr. Corbin joined the Altice group in 2015. He was appointed as the Chief Financial Officer of Altice Europe in October 2018. Previously, he held the role of Finance Director for Altice Europe and prior to that Chief Controlling Officer and Vice President M&A for Altice Group. Before joining Altice Group, Mr. Corbin was Vice President in the Telecom & Technology Group of Lazard covering Europe, Middle East and Africa. Malo Corbin is a graduate from Ecole Centrale Lyon.

Emilie Schmitz, 37, is a director of Ypso Finance Bis S.A. and Altice France Holding S.A. Before joining Altice Europe, she was an accountant manager of Centralis S.A., a corporate and trust services provider. Mrs Schmitz was a Senior Advisor at Deloitte SA (Luxembourg) which she joined in 2006. She graduated from the School Robert Schuman of Metz (France) with a bachelor's degree specializing in accountancy and management.

Laurent Godineau, 47, is a director of Ypso Finance Bis S.A. and Altice France Holding S.A. Before joining Altice Europe, he was a General Manager of Centralis S.A., a corporate and trust services provider. Mr. Godineau was a Senior Advisor at Alter Domus (Luxembourg) which he joined in 2002. He graduated from the ESC Bretagne Brest with a master's in Finance and Chartered Accountancy and also holds a Master of Sciences degree in International Business and Finance from the University of Reading.

Davina Piret, 31, is a director of Ypso Finance Bis S.A. Before joining Altice Europe, she was an accountant senior at Centralis S.A., a corporate and trust services provider which she joined in 2010. She graduated from the Haute Ecole Blaise Pascal in Arlon (Belgium) with a bachelor's degree level in accountancy and taxation.

The Altice France HoldCo

The Altice France HoldCo is Altice France Holding S.A. (formerly known as Altice Luxembourg FR S.A.), a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under Number B135296, having its registered office at 5, rue Eugène Ruppert, L-2453 Luxembourg.

The following table sets forth certain information regarding the members of the board of directors of the Altice France HoldCo as of the date hereof.

Name	Age	Position
Malo Corbin	36	Director
Emilie Schmitz	37	Director
Laurent Godineau	47	Director

Senior Management of Altice Europe

Patrick Drahi, President of the Board of Altice Europe. Mr. Drahi founded the Altice group in 2002. Mr. Drahi is a graduate from the Ecole Polytechnique and Ecole Nationale Supérieure de Télécommunications and began his professional career with the Philips Group in 1988 where he was in charge of international marketing (UK, Ireland, Scandinavia, Asia) in satellite and cable TV (DTH, CATV, MMDS). In 1991, Mr. Drahi joined the US/Scandinavian group Kinnevik-Millisat, where he was in charge of the development of private cable networks in Spain and France and was involved in the launch of commercial TV stations in Eastern Europe. In 1993, Mr. Drahi founded CMA, a consulting firm specialised in telecommunications and media, which was awarded a mandate from BCTV for the implementation of Beijing's full service cable network. In addition, Mr. Drahi founded two Cable companies, Sud Cable Services (1994) and Mediareseaux (1995), where he was involved in several buy-outs. When Mediareseaux was taken over by UPC at the end of 1999, Mr. Drahi advised UPC on its M&A activities until mid-2000.

Mr. Alain Weill, Chief Executive Officer of Altice Europe. Mr. Weill holds a Bachelor's degree in Economics and an MBA from HEC Business School. Mr. Weill has been the Chairman of the board and Chief Executive Officer of Altice France since November 9, 2017. He began his career in 1985 as Director of the radio network NRJ. In 1992, he became the CEO of NRJ Group (made of 4 radio channels). In 2000, he acquired RMC radio and created the NextRadio group. He defined a new positioning for RMC made-up of 3 pillars: news, talk-shows and sports, which made the success of the radio station. In 2002, he purchased BFM and turned it into a radio station dedicated to business and finance coverage. In 2005, he launched BFM TV, which became the leading news TV channel in France. The NextRadio group became NextRadioTV in 2005, with close to 1,000 employees. The NextRadioTV group operates several TV channels (BFM TV, BFM Business TV, RMC Découverte, BFM Paris, BFM Sport, Numéro 23, SFR Sport 1), two radio stations (RMC, BFM Business Radio) and also includes high-tech and digital activities.

Malo Corbin, Chief Financial Officer of Altice Europe. Mr. Corbin joined the Altice group in 2015. He was appointed as the Chief Financial Officer of Altice Europe in October 2018. Previously, he held the role of Finance Director for Altice Europe and prior to that Chief Controlling Officer and Vice President M&A for Altice group.

Before joining Altice Group, Mr. Corbin was Vice President in the Telecom & Technology Group of Lazard covering Europe, Middle East and Africa. Malo Corbin is a graduate from Ecole Centrale Lyon.

Armando Pereira, Chief Operating Officer of Altice Europe. Mr. Pereira has been Chief Operating Officer of Altice Europe since November 2017 and was a founding partner of the Altice group.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Group has entered into various agreements or transactions with its equity associates, its ultimate controlling shareholder and its principal shareholder, Altice Europe, as well as the companies that Altice Europe controls from time to time. These agreements and transactions are carried out on arm's length terms and the Group believes that the terms of these agreements are no more favorable to the related parties and the Group's affiliates than what they would have been with disinterested third parties.

The following summary describes the Group's material related party transactions. See the notes to the Historical Consolidated Financial Information, included elsewhere in this Notice for more information.

Transactions with Altice Europe

General

In the ordinary course of business, we have entered into arrangements with Altice Europe and its affiliates for the provision or sourcing of certain products and services (by Altice Europe to the Group and vice-versa) and/or negotiation of related contractual arrangements, including the following:

procurement of services, such as access to an international communications backbone, international carrier services and call termination services;

prior to the acquisition of ACS and ATS France, the Group relied on Altice Europe for the purchase of customer and technical support services; and

negotiation of programming contracts and acquisition of content, as further described below.

Transactions with Altice TV

Altice Europe runs its Altice TV division which, with its subsidiaries (including AENS and Altice Picture), encompasses Altice Europe's content distribution division. The Group has entered into various arrangements with Altice TV division, including: (i) exclusive distribution rights in France provided to the Group with respect to a subscription-based VOD service known as "SFR PLAY" produced by Altice TV division; (ii) exclusive distribution rights in France provided to the Group with respect to certain sports and other channels produced by Altice TV division including RMC Sport 1 through 4, RMC Sport News, BFM Paris, My Cuisine and Altice Studio (amongst others), which includes certain exclusive premium sports content acquired by Altice TV division; (iii) exclusive distribution rights in France provided to the Group of the following channels Syfy, 13ème Rue, E!; (iv) exclusive distribution rights in France provided to the Group of Discovery Channels; (v) non-exclusive distribution rights in France provided to the Group of Netflix and (vi) an agreement with Canal+ for the non-exclusive rights to broadcast the English Premier League.

On January 8, 2018, Altice Europe announced that existing content wholesale contracts between the Group, and AENS, would be cancelled and replaced by new revenue sharing non-exclusive contracts with a lower guaranteed minimum amount payable by the Group, as applicable. This new arrangement includes the transfer of other premium content contracts from the Group to AENS and allows the Group to continue to distribute premium pay TV content to its customers, including RMC Sport channels, BFM Paris, SFR PLAY, Altice Studio, My Cuisine, SyFy, 13ème Rue, E!, Discovery Channels and BeIN.

Recent Dividends and Intercompany Loans

On May 8, 2019, Altice France paid a dividend of €820 million to its direct shareholders, Altice Lux, Altice Lux Bis and Altice Europe (the "**May Dividend**").

On August 8, 2019, Altice France drew an additional €125 million under the Existing Revolving Credit Facilities, the proceeds of which were used by Altice France to pay a dividend to its controlling shareholders on August 14, 2019. The total proceeds of the dividend amounted to €1,050 million (consisting of (i) €750 million from the conversion of the May Upstream Loan, (ii) €125 million in cash and (iii) a dividend consisting of debt of €175 million (the "**August Dividend**")

On December 19, 2019, Altice France declared a dividend advance for an aggregate amount of €501 million (the "**December Dividend**", and together with May Dividend and August Dividend, the "**Dividends**"). A portion of the advance was offset against the intercompany loans previously made to Altice Lux and Altice Group Lux and a residual amount of €182 million remained unpaid (as a debt on dividend) as of December 31, 2019.

The Group has borrowed from and made available to Altice Group Lux and Altice Lux various intercompany loans. Since September 30, 2019, the net aggregate principal amount of loans made by the Group to Altice Group Lux and Altice Lux is €250 million.

Transactions with News Participations

Acquisition of NextRadioTV

On January 30, 2017, the Group announced that it intended to take over exclusive control of NextRadioTV by acquiring the 51% stake held by News Participations in GNP and, to that effect, had filed the necessary application with the CSA and the French Competition Authority in order to obtain their clearance of the proposed transaction, which would be implemented through the conversion of existing convertible bonds. On June 13, 2017, the French Competition Authority granted its clearance and authorized the transaction.

On April 5, 2018, the Group acquired the minority stake held by News Participations in Altice Content Luxembourg S.A., an indirect parent of NextRadioTV and direct parent of Groupe News Participations, for the amount of €100 million by exercising the call option it held on News Participation's 25% stake in Altice Content Luxembourg S.A.

On April 20, 2018, the CSA granted its clearance and authorized the transaction and on May 31, 2018 the transaction was consummated.

Sale of majority stake in L'Express

On February 12, 2019, Altice France and Groupe L'Express S.A. ("**L'Express**") announced the potential sale by Altice France to News Participations of a majority stake in L'Express. On July 19, 2019, the Board of Directors of Altice Europe approved the sale of a 51% equity stake to News Participations, the remaining 49% of the share capital of L'Express being held by Altice Group Lux. The sale closed on July 30, 2019. News Participations paid a nominal consideration of €18,890 for the subscription to 1,889,000 preference shares B, granting 51% of the financial interests in L'Express. The disposal of Groupe l'Express has been definitively recorded as of September 30, 2019 with a net capital loss of €4 million in the caption "*Other expense and income*" in the income statement.

Transactions with Altice USA

Sale of i24NEWS to Altice USA

On April 23, 2018, the Group completed the sale of i24 News (which was acquired as part of the acquisition of SFR Presse), an Israeli international 24-hour news and current affairs television channel, to Altice USA for $2.5 million.

Transactions with our Controlling Shareholder

Acquisition of SFR Presse

On May 25, 2016, the Group completed the acquisition of SFR Presse from a company controlled by Altice Europe's controlling shareholder. SFR Presse is a leading diversified and profitable media group in France, which publishes more than 20 major national titles, including iconic and well-known brands such as Libération, L'Express, L'Expansion and Stratégies. The total consideration for the transaction amounted to €196 million.

Transactions with SCI Quadrans

In December 2016, the Group entered into a fixed twelve-year lease contract with SCI Quadrans, a company controlled by Altice Europe's ultimate beneficial owner, for office space in France. A letter of intent was also executed in connection with additional buildings that were under construction at the time. In March 2017, a second

fixed twelve-year lease contract for an administrative building was entered into with SCI Quadrans, in accordance with such letter of intent. In the year ended December 31, 2018, the Group incurred rental expenses in the amount of €50 million. As of December 31, 2018, the trade payable to SCI Quadrans for rental of office space for the Group amounted to €40 million. The Group also has a deposit with SCI Quadrans which as of December 31, 2018 and as of June 30, 2019, amounted to €12 million.

Transactions with Equity Associates

Transactions with La Poste Telecom

In 2011, the Group and La Poste formed La Poste Telecom, of which the Group owns 49% and La Poste owns 51%. This subsidiary is a virtual mobile operator in the retail mobile telephony market under the trademark La Poste Mobile. We are currently party to an MVNO agreement with La Poste Telecom. For the year ended December 31, 2018, the Group recognized €138 million of revenue for mobile services delivered to La Poste Telecom and incurred operating expenses of €14 million for use of mobile services.

Transactions with Synerail and Synerail Construction

On February 18, 2010, a consortium comprised of the Group, Vinci and AXA (owners of 30% each) and TDF (the owner of a 10% interest) signed a GSMR public-private partnership contract with Réseau Ferré de France. This contract, worth a total of €1 billion over a 15-year term, is to finance, build, operate and maintain a digital telecommunications network to provide voice and data communication between trains and ground control teams in conference mode. The network will be rolled out gradually on 14,000 km of traditional and high-speed rail lines in France. Synerail Construction, a subsidiary of Vinci (60% owner) and the Group (40% owner), is responsible for the construction of this network. As of December 31, 2018, the Group was owed a loan receivable of €13 million from Synerail.

Transactions with VOD Factory

The Group holds a 36.3% interest in VOD Factory S.A.S. ("**VOD Factory**"), a VOD content, platform and marketing services provider. For the year ended December 31, 2018, the Group incurred €15 million of operating expenses with and owed €5 million in trade payables to, VOD Factory for the provision of VOD services. VOD Factory provided no services to the Group in the first nine months of 2019.

Transactions with Unrestricted Subsidiaries

Sale of a 49.99% Interest in SFR FTTH

On January 31, 2019, Altice France entered into an agreement with Piaf BidCo BV, an entity held by Allianz Capital Partners, AXA Infrastructure and OMERS Infrastructure (together, the "**JV Consortium**"), regarding the sale of a 49.99% interest in SFR FTTH, an alternative FTTH infrastructure wholesale operator. The transaction closed on March 27, 2019, upon which €522 million total assets and 1,100,000 total homes passed were transferred to SFR FTTH. The final proceeds amounted to €1.7 billion, based on an equity value at closing of €3.4 billion. SFR FTTH is accounted for as an associate and therefore is no longer consolidated in the Historical Consolidated Financial Information.

For the nine months ended September 30, 2019, we recorded a capital gain related to the divestment of a 49.99% stake in SFR FTTH for an aggregate amount of €3,204 million. This partnership creates the leading FTTH infrastructure wholesaler in France and brings an additional €1.7 billion of cash to Altice France. Following the closing of the transaction, Altice France lost exclusive control over SFR FTTH as Altice France and the Partners have joint control over the new entity. Furthermore, SFR FTTH is accounted for under the equity method in the scope of IFRS 11 – *Joint Arrangements.*

SFR FTTH will be the largest alternative FTTH infrastructure wholesale operator in France, with approximately 5 million homes expected to be passed in low density areas in the next four years in addition to any others that may be franchised or acquired. SFR FTTH will sell wholesale services to all operators, including the Group, on the same terms and conditions and with no minimum volume commitments. The Group will sell technical services to SFR FTTH for the construction, subscriber connection and maintenance of its FTTH network. SFR FTTH is an associate of the Group and has been designated as an Unrestricted Subsidiary under the agreements, instruments and indentures governing the Group's debt, including the Indenture.

For additional information regarding the Group's sale of a 49.99% interest in SFR FTTH, including certain related debt, shareholder and operational arrangements, see "*Business of the Group—Material Contracts—SFR FTTH*".

DESCRIPTION OF INDEBTEDNESS

The following contains a summary of the terms of our key items of indebtedness. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Capitalized terms not otherwise defined in this section shall, unless the context otherwise requires, have the same meanings set out in the underlying debt documents, as applicable.

Existing Senior Secured Notes

On June 9, 2019, Altice France redeemed $560 million aggregate principal amount of the Existing 2024 Senior Secured Dollar Notes and €500 million aggregate principal amount of the Existing 2024 Senior Secured Euro Notes in connection with the Existing 2024 Senior Secured Notes Repayment. On October 15, 2019 and October 16, 2019, Altice France redeemed the remaining outstanding principal of the Existing 2024 Senior Secured Dollar Notes and the Existing 2024 Senior Secured Euro Notes, in an aggregate principal amount of €1,489 million (equivalent) using the proceeds from the September 2019 Issuance.

On April 11, 2016, Altice France issued $5,190 million aggregate principal amount of its $7^3/_8$% senior secured notes due 2026 denominated in U.S. dollars (the "**Existing 2026 Senior Secured Notes**").

The Existing 2026 Senior Secured Notes will mature on May 1, 2026. Interest on the Existing 2026 Senior Secured Notes is payable semi-annually in cash in arrears on each January 15 and July 15. The Existing 2026 Senior Secured Notes are governed by the indenture entered into on April 11, 2016, between, among others, Altice France, as issuer and Deutsche Bank Trust Company Americas, as trustee (the "**Existing 2026 Senior Secured Notes Indenture**").

On July 31, 2018, Altice France issued (i) $1,750 million aggregate principal amount of its $8^1/_8$% senior secured notes due 2027 denominated in U.S. dollars (the "**Existing 2027 Senior Secured Dollar Notes**"), and (ii) €1,000 million aggregate principal amount of its $5^7/_8$% senior secured notes due 2027 denominated in euro (the "**Existing 2027 Senior Secured Euro Notes**" and, together with the Existing 2027 Senior Secured Dollar Notes, the "**Existing 2027 Senior Secured Notes**").

The Existing 2027 Senior Secured Notes will mature on February 1, 2027. Interest on the Existing 2027 Senior Secured Notes is payable semi-annually in cash in arrears on each February 1 and August 1. The Existing 2027 Senior Secured Notes are governed by the indenture entered into on July 31, 2018, between, among others, Altice France, as issuer, and Deutsche Bank Trust Company Americas, as trustee (the "**Existing 2027 Senior Secured Notes Indenture**").

On September 27, 2019, Altice France issued (i) $1,100 million aggregate principal amount of its $5^1/_2$% senior secured notes due 2028 denominated in U.S. dollars (the "**Existing 2028 Senior Secured Dollar Notes**"), (ii) €1,000 million aggregate principal amount of its $3^3/_8$% senior secured notes due 2027 denominated in euro (the "**Existing 2028 Senior Secured Euro Notes**", and together with the Existing 2028 Senior Secured Dollar Notes, the "**Existing Senior Secured 2028 Notes**") and (iii) €550 million aggregate principal amount of its $2^1/_2$% senior secured notes due 2025 denominated in euro and, together with the Existing 2026 Senior Secured Notes, the Existing 2027 Senior Secured Notes, the Existing Senior Secured 2028 Notes and the Existing 2025 Senior Secured Euro Notes, the "**Existing Senior Secured Notes**").

The Existing Senior Secured 2028 Notes will mature on January 15, 2028. The 2025 Euro Notes will mature on January 15, 2025. Interest on the Existing Senior Secured 2028 Notes and the Existing 2025 Senior Secured Euro Notes is payable semi-annually in cash in arrears on each April 15 and October 15. The Existing Senior Secured 2028 Notes and the Existing 2025 Senior Secured Euro Notes are governed by the indenture entered into on September 27, 2019, between, among others, Altice France, as issuer, and Deutsche Bank Trust Company Americas, as trustee (the "**Existing Senior Secured 2028 Notes Indenture**" or the "**Existing 2025 Senior Secured Euro Notes Indenture**" and, together with the Existing 2026 Senior Secured Notes Indenture and the Existing 2027 Senior Secured Notes Indenture, the "**Existing Senior Secured Indentures**").

The Existing Senior Secured Notes are general obligations of Altice France and (i) rank *pari passu* in right of payment with all existing and future indebtedness of Altice France that is not subordinated in right of payment to the Existing Senior Secured Notes, including indebtedness under the Existing Term Loans, the Existing Revolving Credit Facilities Agreement and certain hedging obligations, (ii) rank senior in right of payment to all existing and future indebtedness of Altice France that is expressly subordinated in right of payment to the Existing Senior

Secured Notes and (iii) will be effectively subordinated to any existing and future indebtedness of Altice France that is secured by property or assets that do not secure the Existing Senior Secured Notes, to the extent of the value of the property and assets securing such indebtedness.

The Existing Senior Secured Notes are guaranteed on a senior basis by each of SFR Presse, SFR Presse Distribution, Ypso France, Ypso Finance S.à r.l., SFR Fibre, Altice B2B France, Completel, Numericable US S.A.S., Numericable U.S. LLC and SFR (the "**Guarantors**").

The Existing Senior Secured Notes are secured by (i) senior pledges over all of the capital stock of SFR Presse, SFR Presse Distribution, Ypso France, Ypso Finance S.à r.l., SFR Fibre, Altice B2B France, Completel, Numericable US S.A.S., Numericable U.S. LLC; (ii) senior pledges over certain intercompany loans; (iii) senior pledges over the business (*fonds de commerce*) of SFR Fibre; (iv) senior pledges over certain bank accounts, intercompany receivables and intellectual property rights of SFR Presse, SFR Presse Distribution, Ypso France, Ypso Finance S.à r.l., SFR Fibre, Altice B2B France, Completel, Numericable US S.A.S., Numericable U.S. LLC and (v) senior pledges over certain bank accounts of, and intercompany receivables owed to, Altice France. Additionally, the Existing 2026 Senior Secured Notes and the Existing 2027 Senior Secured Notes benefit from senior pledges over the capital stock of SFR held by the Group, a senior pledge over certain bank accounts of SFR and the intragroup loan between Altice France and SFR (the "**SFR Intragroup Loans**"); a senior pledge over the business (*fonds de commerce*) and intellectual property rights of SFR; and senior pledges over receivables owed to SFR by certain of its subsidiaries (all such security described in this paragraph, the "**Collateral**"). None of the network assets of the Group are pledged as security for the Existing Senior Secured Notes. The Collateral also secures indebtedness due under the Existing Term Loans, the Existing Revolving Credit Facilities and certain related hedging obligations.

Under the terms of the Existing Intercreditor Agreement, in the event of an enforcement of the Collateral, the holders of the Existing Senior Secured Notes will receive proceeds from such Existing Collateral *pari passu* with the lenders under the Existing Term Loans, the lenders under the Existing Revolving Credit Facilities Agreement, and counterparties to certain hedging agreements.

Prior to May 1, 2021, Altice France may redeem all or a portion of the Existing 2026 Senior Secured Notes at a price equal to 100% of the principal amount plus a make whole premium. From May 1, 2021, Altice France may redeem all or part of the Existing 2026 Senior Secured Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months of May 1 of each year indicated below:

	Repurchase price
Year	**Existing 2026 Senior Secured Dollar Notes**
2021	103.688%
2022	102.458%
2023	101.229%
2024 and thereafter	100.000%

Prior to February 1, 2022, Altice France may redeem all or a portion of the Existing 2027 Senior Secured Notes at a price equal to 100% of the principal amount plus a make whole premium. From February 1, 2022, Altice France may redeem all or part of the Existing 2027 Senior Secured Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period indicated below:

	Repurchase price	
Year	**Existing 2027 Dollar Notes**	**Existing 2027 Euro Notes**
February 1, 2022 until August 1, 2022	106.094%	104.406%
August 1, 2022 until August 1, 2023	104.063%	102.938%
August 1, 2023 until August 1, 2024	102.031%	101.469%
August 1, 2024 and thereafter	100.000%	100.000%

Prior to September 15, 2022, Altice France may redeem all or a portion of the Existing Senior Secured 2028 Notes at a price equal to 100% of the principal amount plus a make whole premium. From September 15, 2022, Altice France may redeem all or part of the Existing Senior Secured 2028 Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months of September 15 of each year indicated below:

	Repurchase price	
Year	**Existing 2028 Dollar Senior Secured Notes**	**Existing 2028 Euro Senior Secured Notes**
2022	102.750%	101.688%
2023	101.375%	100.844%
2024	100.000%	100.000%

Prior to September 15, 2021, Altice France may redeem all or a portion of the Existing 2025 Senior Secured Euro Notes at a price equal to 100% of the principal amount plus a make whole premium. From September 15, 2021, Altice France may redeem all or part of the Existing 2025 Senior Secured Euro Notes at the following repurchase price (expressed as a percentage of the principal amount), plus interest accrued and not paid and any additional amounts, if the redemption occurs during the period of twelve months of September 15 of each year indicated below:

	Repurchase price
Year	**Existing 2025 Senior Secured Euro Notes**
2021	101.250%
2022	100.625%
2023	100.000%

The Existing Senior Secured Indentures, among other things, further limit the ability of Altice France and the ability of the its restricted subsidiaries to (i) make investments or other restricted payments; (ii) create liens; (iii) sell assets and subsidiary stock; (iv) pay dividends or make other distributions or repurchase or redeem capital stock or subordinated debt; (v) engage in certain transactions with affiliates; (vi) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances; and (vii) engage in mergers or consolidations. These covenants are subject to a number of important exceptions and qualifications.

Among other exceptions, the Existing Senior Secured Indentures permit the incurrence of indebtedness by Altice France or a Guarantor so long as the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 4.0 to 1.0, and such indebtedness may be secured if the consolidated net leverage ratio (*pro forma* for such transaction) is not greater than 3.25 to 1.0. Subject to compliance with the 4.0 to 1.0 consolidated net leverage ratio (*pro forma* for such transaction) and so long as there is no default or event of default outstanding, the Existing Senior Secured Indentures permit the distribution of dividends and other restricted payments in an unlimited amount. Further, subject to certain payment blocking events (i.e., a payment default or acceleration of Existing Senior Secured Notes), the Existing Senior Secured Indentures permit Altice France to pay dividends or other distributions to its shareholders in an amount such that Altice France Holdco's pro rata share of such dividends or other distributions is equal to the amount required by Altice Lux for the payment of regularly scheduled interest as such amounts come due under certain of its indebtedness.

The Existing Senior Secured Indentures provide for certain events of default, including, among others, defaults under other debt instruments which (i) are caused by the failure to pay principal of, the indebtedness at its stated maturity prior to expiration of any applicable grace period or (ii) result in the acceleration of such indebtedness prior to its maturity, and, in each case, the principal amount of such indebtedness (together with the principal amount of any other such indebtedness under which there has been a payment default or the maturity of which has been accelerated) aggregates €25 million or more.

The Existing Senior Secured Indentures are governed by the laws of the State of New York.

Existing Term Loans

Overview

On May 8, 2014, Altice France entered into a senior secured term loan credit facility which provided for euro and U.S. dollar term loans in an initial aggregate principal amounts of €1,900 million and $2,600 million, with Altice France, Ypso France S.A.S and Numericable U.S. LLC as borrowers (the "**Existing Term Loans Borrowers**"), certain lenders party thereto, Deutsche Bank AG, London Branch as euro administrative agent and as security agent and Deutsche Bank AG, New York Branch, as dollar administrative agent (as amended, restated, supplemented or otherwise modified from time to time, the "**Existing Term Loan Agreement**").

The following table shows all outstanding tranches of the term loans under the Existing Term Loan Agreement (the "**Existing Term Loans**") and balances outstanding as of September 30, 2019:

	Borrower	Maturity	Original Principal Amount of Drawing	Outstanding At September 30, 2019
			(in millions)	
EUR Term Loan B11	Altice France and Ypso France	July 31, 2025	€ 1,145	€ 1,119
EUR Term Loan B12	Altice France	January 31, 2026	€ 1,000	€ 982
USD Term Loan B11	Altice France	July 31, 2025	$ 1,420	$ 1,388
USD Term Loan B12	Altice France	January 31, 2026	$ 2,150	$ 2,112
USD Term Loan B13	Altice France	August 14, 2026	$ 2,500	$ 2,481

Interest Rate and Fees

Borrowings under USD Term Loan B11 bear interest at an annual rate equal to (i) the higher rate between (a) the LIBO rate for the period of interest corresponding to the loans in question adjusted for certain additional costs, and (b) 0.00% plus (ii) a margin of 2.75%. Borrowings under USD Term Loan B12 bear interest at an annual rate equal to (i) the higher rate between (a) the LIBO rate for the period of interest corresponding to the loans in question adjusted for certain additional costs, and (b) 0.00% plus (ii) a margin of 3.6875%. Borrowings under USD Term Loan B13 bear interest at an annual rate equal to (i) the higher rate between (a) the LIBO rate for the period of interest corresponding to the loans in question and (b) 0.00% plus (ii) a margin of 4.00%.

Borrowings under EUR Term Loan B11 and EUR Term Loan B12 bear interest at an annual rate equal to (i) the higher rate between (a) the EURIBOR for the period of interest corresponding to the loans in question and (b) 0.00% plus (ii) a margin of 3.00%.

Mandatory Prepayments

The Existing Term Loan Agreement requires us to prepay outstanding term loans thereunder, subject to certain exceptions, with (i) 100% of the net cash proceeds of certain asset sales, subject to reinvestment rights and certain other exceptions, and (ii) 50% of our annual excess cash flow, which percentage will be reduced to 0% if our Consolidated Net Leverage Ratio is less than or equal to 4.0 to 1.0.

Voluntary Prepayments

The Existing Term Loans may be voluntarily prepaid at any time subject to customary "breakage" costs with respect to Eurodollar Loans.

Amortization and Final Maturity

Altice France is required to make quarterly repayments of the principal amount outstanding under the Existing Term Loans according to an agreed timetable, with each payment being equal to 0.25% of the principal amount of Existing Term Loans, with payment of the balance due on July 31, 2025 with respect to the USD Term Loan B11 and EUR Term Loan B11, January 31, 2026 with respect to USD Term Loan B12 and EUR Term Loan B12 and August 14, 2026 with respect to USD Term Loan B13.

Guarantees

Each Existing Senior Secured Notes Guarantor and Altice France, guarantees, or will guarantee on a senior basis, the obligations of each other obligor under the Existing Term Loan Agreement and related finance documents subject to applicable guarantee limitations specified therein. Altice France is required to maintain, on an annual basis, a guarantor coverage test of at least 80% of the consolidated EBITDA and gross assets of Altice France and its subsidiaries.

Security

The Existing Term Loans are secured by the same Existing Collateral securing the Existing Revolving Credit Facilities and the Existing Senior Secured Notes.

Most Favored Nation

Borrowings under EUR Term Loan B12 and the USD Term Loan B12 are subject to a "most favored nation" provision until October 2018. Borrowings under USD Term Loan B13 are subject to a "most favored nation" provision until the maturity date of the loan (August 14, 2026). Accordingly the margin and/or "floor" relating to these tranches are subject to change, depending on the yield applicable to any future incurrence of incremental loans in the relevant currency.

Certain Covenants and Events of Default

The Existing Term Loan Agreement includes negative covenants that, among other things and subject to certain significant exceptions and qualifications, limit our ability and the ability of our restricted subsidiaries to: (i) incur or guarantee additional Indebtedness, subject to an incurrence based Consolidated Net Leverage Ratio or Consolidated Net Senior Secured Leverage Ratio test, (ii) make investments or other restricted payments, (iii) create liens, (iv) sell assets and subsidiary stock, (v) pay dividends or make other distributions or repurchase or redeem our capital stock or subordinated debt, (vi) engage in certain transactions with affiliates, (vii) enter into agreements that restrict the payment of dividends by subsidiaries or the repayment of intercompany loans and advances, and (viii) engage in mergers or consolidations.

The Existing Term Loan Agreement also contains certain customary representations and warranties, covenants and events of default (including, among others, an event of default upon a change of control trigger event). If an event of default occurs, the lenders under the Existing Term Loans will be entitled to take various actions, including the acceleration of amounts due under the Existing Term Loans and all actions permitted to be taken by a secured creditor, subject to the Existing Intercreditor Agreement.

The Existing Term Loan Agreement permits the incurrence of indebtedness so long as the Consolidated Net Leverage Ratio (*pro forma* for such transaction) is not greater than 4.0 to 1.0 and such indebtedness may be secured if the Consolidated Net Senior Secured Leverage Ratio (*pro forma* for such transaction) is not greater than 3.25 to 1.0. Subject to compliance with the 4.0 to 1.0 Consolidated Net Leverage Ratio (*pro forma* for such transactions), so long as there is not a default or an event of default outstanding and so long as the aggregated amount of restricted payments does not exceed the sum of an amount equal to 100% of the consolidated EBITDA generated from the period beginning on the first full fiscal quarter commencing prior to May 8, 2014 until the most recently ended quarter, less 1.4 times the consolidated interest expense for such period, the Existing Term Loan Agreement permits the distribution of dividends and other restricted payments in an unlimited amount.

The Existing Term Loan Agreement also provides that, for so long as no payment block events have occurred and are continuing, Altice France may pay dividends or other distributions to its shareholders in an amount such that Altice France Holdco's pro rata share of such dividends or other distributions is equal to the amount required by Altice Lux for the payment of regularly scheduled interest as such amounts come due under certain of its indebtedness.

Existing Revolving Credit Facilities

Altice France entered into a revolving credit facilities agreement (as amended, restated, supplemented or otherwise modified from time to time, the "**Existing Revolving Credit Facilities Agreement**") on May 8, 2014, as amended and restated on July 6, 2016 with, among others, certain lenders party thereto from time to time (the "**Existing RCF Lenders**"), the mandated lead arrangers party thereto and Deutsche Bank AG, London Branch as facility

agent and as security agent, pursuant to which the Existing RCF Lenders agreed to provide Altice France and certain of its subsidiaries, including SFR, senior secured revolving credit facilities. Prior to November 15, 2019, the tranches of commitments under the Existing Revolving Credit Facilities Agreement were (a) the facility D commitment in the aggregate principal amount of €196 million (the "**Existing Revolving Credit Facility D**") and (b) the facility E commitment in the aggregate principal amount of €718 million (the "**Existing Revolving Credit Facility E**", and together with the Existing Revolving Credit Facility D, the "**Existing Revolving Credit Facilities**"). On November 15, 2019, the Group increased the facility E commitment under the Existing Revolving Credit Facilities Agreement in the aggregate principal amount of €201 million. Subject to certain requirements, the Existing Revolving Credit Facilities may be utilized by way of cash drawings and guarantees.

Limitations on Use of Funds

The Existing Revolving Credit Facilities are used by Altice France and certain of its subsidiaries for general corporate and working capital purposes of Altice France and its subsidiaries (excluding certain unrestricted subsidiaries) (the "**Borrower Group**").

Conditions to Borrowing

Drawdowns under the Existing Revolving Credit Facilities Agreement are subject to certain customary conditions including, among other things, that on the date the drawdown is requested and on the drawdown date (i) no default is continuing or occurring as a result of that drawdown, (ii) certain specified representations and warranties are true in all material respects, and (iii) that the consolidated net senior secured leverage ratio is not greater than the ratio specified in the Existing Revolving Credit Facilities Agreement.

Incremental Facility

Subject to the satisfaction of certain conditions set out in the Existing Revolving Credit Facilities Agreement, a new commitment lender (selected by Altice France) may provide new or additional commitments under the Existing Revolving Credit Facilities Agreement.

Interest Periods, Interest Rates and Fees

Altice France and certain of its subsidiaries are permitted to make a specified number of drawdowns under each of the Existing Revolving Credit Facilities for terms of one, two, three or six months (or any other period agreed by Altice France and the facility agent), but no such period shall end beyond the final maturity date of the Existing Revolving Credit Facilities Agreement. Drawdowns under the Existing Revolving Credit Facilities must be repaid at the end of the interest period for the relevant loan and repaid amounts may be re-borrowed up to one month prior to the final maturity date, except rollover loans and renewal of bank guarantees that may not be rolled or renewed up to final maturity date.

The interest rate on each loan under the Existing Revolving Credit Facilities Agreement for each interest period is equal to the aggregate of: (x) the applicable margin and (y) EURIBOR (with a 0% floor). The margin under the Existing Revolving Credit Facilities Agreement is 3.25% per annum. Interest accrues daily from and including the first day of an interest period and is payable on the last day of each interest period (unless the interest period is longer than six months, in which case interest is payable on the last day of each six-month period).

Until one month prior to the final maturity date of the Existing Revolving Credit Facilities Agreement, Altice France is obligated to pay a commitment fee on the available but undrawn amounts under the Existing Revolving Credit Facilities Agreement at the rate of 40% of the margin calculated on undrawn and un-cancelled commitments.

Repayment

The final maturity date of the Existing Revolving Credit Facility D will be the earlier of (i) July 5, 2021, and (ii) the date on which the Existing Revolving Credit Facility D is fully repaid and cancelled.

The final maturity date of the Existing Revolving Credit Facility E will be the earlier of (i) August 16, 2023 and (ii) the date on which the Existing Revolving Credit Facility E is fully repaid and cancelled.

Automatic Cancellation

Customary partial or total cancellation events apply to the Existing Revolving Credit Facilities Agreement, including where it becomes unlawful for any RCF Lender to fund, issue or maintain its participation in the Existing Revolving Credit Facilities Agreement.

Mandatory Prepayment

Upon the occurrence of a Change of Control Triggering Event, Altice France and the other borrowers thereunder must repay the Existing Revolving Credit Facilities in full together with accrued interest and all other amounts accrued under related finance documents and the Existing Revolving Credit Facilities Agreement will be cancelled.

Certain excess proceeds received by Altice France from certain disposals of assets and not applied or invested or committed to be applied or invested to (i) prepay, repay, purchase or redeem certain indebtedness, (ii) invest in or purchase additional assets, or (iii) make certain capital expenditure, must be applied in prepayment of the Existing Revolving Credit Facilities.

Guarantees

Subject to certain agreed security and guarantee principles, each of the Existing Senior Secured Guarantors is required to guarantee the obligations of each obligor under the Existing Revolving Credit Facilities Agreement and related finance documents subject to applicable guarantee limitations specified therein. Altice France is required to maintain, on an annual basis, a guarantor coverage test of at least 80% of the consolidated EBITDA and gross assets of Altice France and its restricted subsidiaries.

Security

Subject to certain agreed security and guarantee principles, the Existing Revolving Credit Facilities Agreement is required to be secured by the Collateral that secures the Existing Term Loans and the Existing Senior Secured Notes.

Representations and Warranties

The Existing Revolving Credit Facilities Agreement contains representations and warranties usual for facilities of this type subject to certain exceptions and customary materiality qualifications.

Undertakings

The Existing Revolving Credit Facilities Agreement contains certain restrictive covenants which substantially reflect the covenants contained in the Existing Senior Secured Indentures.

The Existing Revolving Credit Facilities Agreement also requires Altice France and the Borrower Group to observe certain general undertakings subject to materiality and other customary and agreed exceptions. These general undertakings, include, but are not limited to, undertakings related to: (i) obtaining and maintaining all necessary consents, licenses and authorizations; (ii) compliance with applicable laws; (iii) compliance with environment laws/approvals and notification of potential environmental claims; (iv) compliance with all necessary taxation requirements; (v) ensuring that any necessary authorization is not likely to be challenged, revoked, suspended or withdrawn so as to cause a material adverse effect; (vi) at least *pari passu* ranking of all payment obligations under the Existing Revolving Credit Facilities Agreement and related finance documents with other unsecured unsubordinated payment obligations; (vii) the maintenance of insurance; (viii) compliance with laws and contracts relating to pension schemes and the maintenance of such pension schemes; (ix) maintenance and protection of intellectual property rights; (x) no amendments to constitutional documents that are likely to materially adversely affect the Collateral; (xi) an Obligor not moving its center of main interest from, or having an "establishment" in any jurisdiction other than, its jurisdiction of incorporation; and (xii) restricting the making of proceeds drawn under the Existing Revolving Credit Facilities Agreement to any sanctioned person or sanctioned country.

Financial Covenants, Events of Default

The Existing Revolving Credit Facilities Agreement requires Altice France and the Borrower Group to maintain a Consolidated Net Senior Secured Leverage Ratio of no more than 4.5 to 1.0 only to be tested at each drawdown or to the extent there are loans or bank guarantees outstanding under the Existing Revolving Credit Facilities Agreement at the end of each financial quarter.

The Existing Revolving Credit Facilities Agreement contains certain events of default the occurrence of which, subject to certain exceptions and materiality qualifications, will allow the lenders party thereto to: (i) cancel the total commitments; (ii) accelerate all outstanding loans together with other accrued amounts; and/or (iii) declare that all or part of the loans be repayable on demand. The proceeds of any enforcement of collateral will be applied in accordance with the Existing Intercreditor Agreement.

The Existing Revolving Credit Facilities Agreement permits the incurrence of indebtedness so long as the Consolidated Net Leverage Ratio (*pro forma* for such transaction) is not greater than 4.0 to 1.0 and such indebtedness may be secured if the Consolidated Net Senior Secured Leverage Ratio (*pro forma* for such transaction) is not greater than 3.25 to 1.0. Subject to compliance with the 4.0 to 1.0 Consolidated Net Leverage Ratio (p*ro forma* for such transactions) and so long as there is no default or event of default outstanding, the Existing Revolving Credit Facilities Agreement permits the distribution of dividends and other restricted payments so long as the aggregated amount of restricted payments does not exceed the sum of an amount equal to 100% of the consolidated EBITDA generated from the period beginning on the first full fiscal quarter commencing prior to May 8, 2014 until the most recently ended quarter, less 1.4 times the consolidated interest expense for such period. The restricted payment capacity is also subject to increase based on certain provisions that are customary for an incurrence based covenant package. The Existing Revolving Credit Facilities Agreement also provides that, for so long as no payment block events have occurred and are continuing, Altice France may pay dividends or other distributions to its shareholders in an amount such that Altice France Holdco's pro rata share of such dividends or other distributions is equal to the amount required by Altice Lux for the payment of regularly scheduled interest as such amounts come due under certain of its indebtedness.

Intercreditor Agreement

To establish the relative rights of certain of our creditors, the obligors under the Existing Senior Secured Notes, the Existing Revolving Credit Facilities Agreement, the Existing Term Loans, certain other future indebtedness, including, the Notes , and certain counterparties to hedging obligations relating to the foregoing, entered into, and will accede thereto as applicable, an intercreditor agreement (the "**Intercreditor Agreement**"), dated May 8, 2014 with:

any creditors (the "**Super Priority RCF Creditors**") that accede to the Intercreditor Agreement as lenders under a revolving credit facility agreement in accordance with the terms of the Intercreditor Agreement and which is designated as "Super Priority Debt" under the Intercreditor Agreement (the "**Super Priority RCF**");

any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements in accordance with the terms of the Intercreditor Agreement and which are designated as "Super Priority Debt" under the Intercreditor Agreement (the "**Super Priority Hedging Agreements"** and such debt together with the Super Priority RCF, is referred to as "**Super Priority Debt**) and any person that accedes to the Intercreditor Agreement as counterparties to the Super Priority Hedging Agreements are referred to in such capacity as the "**Super Priority Hedging Banks**");

the creditors of the Existing Revolving Credit Facilities (the "**Existing RCF Creditors**");

the creditors of the Existing Term Loans (the "**Existing TLB Creditors**");

any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements in accordance with the terms of the Intercreditor Agreement and which are designated as "Senior Debt" under the Intercreditor Agreement (the "**Senior Hedging Agreements**" and any person that accedes to the Intercreditor Agreement as counterparties to the Hedging Agreements are referred to in such capacity as the "**Senior Hedging Banks**");

any persons that accede to the Intercreditor Agreement under any future term facility or revolving credit facilities designated a senior bank facility (but excluding any facility providing for Super Priority Debt) (a "**Senior**

Bank Facility") in accordance with the terms of the Intercreditor Agreement (the "**Future Bank Creditors**", together with the Existing RCF Creditors, the Existing TLB Creditors, the "**Senior Bank Creditors**");

the trustee for the Existing Senior Secured Notes on its behalf and on behalf of the holders of the Existing Senior Secured Notes (the "**Existing Senior Secured Notes Creditors**");

upon its accession, the Trustee for the Senior Secured Notes , on its behalf and on behalf of the holders of the Senior Secured Notes (the "**New Senior Secured Notes Creditors**");

any persons that accede to the Intercreditor Agreement as trustee for any future senior secured notes (the "**Additional Senior Secured Notes**") on its behalf and on behalf of the holders of such senior secured notes (the "**Additional Senior Secured Notes Creditors**" and, together with the New Senior Secured Notes Creditors and the Existing Senior Secured Notes Creditors, the "**Senior Secured Notes Creditors**", and together with the Senior Bank Creditors and Hedging Banks, the "**Senior Creditors**");

upon its accession, the Trustee for the Senior Notes , on its behalf and on behalf of the holders of the Senior Notes (the "**New Senior Notes Creditors**");

any persons that accede to the Intercreditor Agreement as trustee for any future senior subordinated notes ("**Additional Senior Subordinated Notes**") or under any future senior subordinated debt facility (together with the Senior Notes and any Additional Senior Subordinated Notes, the "**Senior Subordinated Debt**"), in each case, on its own behalf and/or on behalf of the holders of such senior subordinated notes or the lenders of such senior subordinated debt facilities, as applicable (the "**Senior Subordinated Creditors**");

certain intra group creditors (the "**Intercompany Creditors**");

any persons that accede to the Intercreditor Agreement in their capacity as creditors of any shareholder debt (the "**Shareholders**" and together with Intercompany Creditors, the "**Subordinated Creditors**"); and

Deutsche Bank AG, London Branch, as security agent for the Senior Creditors (the "**Security Agent**").

The Intercreditor Agreement provides that future indebtedness may be incurred by us and our subsidiaries subject to the terms of the Intercreditor Agreement and each finance document then existing. Any future indebtedness to be designated under the Intercreditor Agreement as ranking in respect of proceeds of enforcement of the Security and distressed disposal proceeds in priority to the liabilities owed to the Senior Creditors (the "**Super Priority Debt**") may, however, only be a working capital facility or hedging indebtedness to the extent permitted (or not prohibited) by the terms of each finance document.

For the purposes of the Intercreditor Agreement, the creditors of each class of debt will vote together and a representative trustee or agent of debt within that class of debt (a "**Representative**") may act on the instructions of the requisite majority of creditors of that class of debt (a "**Relevant Majority**"). In certain circumstances (as set out in the Intercreditor Agreement) certain classes of creditors will vote together as part of an instructing group (the "**Instructing Group**"), which is the Relevant Majority of (i) (if Senior Bank Debt and Hedging Debt has been discharged and while any Senior Secured Notes Debt (each as defined below) remains outstanding) the Senior Secured Notes Creditors, (ii) (while Senior Bank Debt (and/or Hedging Debt) remains outstanding) the Senior Creditors, and (iii) (if the Senior Secured Debt has been discharged and while the Senior Subordinated Notes Debt (each as defined below) remains outstanding) the Senior Subordinated Creditors.

By accepting a Note the relevant Noteholder shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, that are contained in the Intercreditor Agreement that relate to the rights and obligations of the Senior Secured Notes Creditors and the Senior Subordinated Notes Creditors. It does not restate the Intercreditor Agreement nor does it describe provisions relating to the rights and obligations of holders of other classes of our debt or capital expenditures.

Ranking and Priority

The Intercreditor Agreement provides, subject to certain provisions, that the liabilities of each issuer, obligor or borrower subject to the Intercreditor Agreement (the "**Obligors**") under or in respect of, amongst others, the Super

Priority Debt, the Existing Revolving Credit Facilities Agreement (the "**RCF Debt**"), the Senior Hedging Agreements (the "**Hedging Debt**"), any other Senior Bank Facility (the "**Future Bank Debt**"), the Existing Term Loans (the "**TLB Debt**", together with the RCF Debt and any Future Bank Debt, the "**Senior Bank Debt**"), the Existing Senior Secured Notes, any Additional Senior Secured Notes and the Senior Secured Notes , (together with the Existing Senior Secured Notes and any Additional Senior Secured Notes, the "**Senior Secured Notes Debt**" and, together with the Hedging Debt and the Senior Bank Debt, the "**Senior Debt**"), the Senior Subordinated Debt (including the Senior Notes, the Additional Senior Subordinated Notes (the "**Senior Subordinated Notes Debt**" and any other indebtedness designated as Senior Subordinated Debt in accordance with the terms of the Intercreditor Agreement)), liabilities owed by Ypso Finance to any Senior Subordinated Creditor (the "**Senior Subordinated Notes Issuer Debt**"), liabilities owed by the guarantors of any Senior Subordinated Debt to any Senior Subordinated Creditors (the "**Senior Subordinated Guarantee Debt**") and certain liabilities of members of the Group owed to Ypso Finance (the "**Holdco Debt**") and certain other liabilities will rank in right and order of payment in the following order:

i. first, the Senior Debt, Senior Subordinated Notes Issuer Debt, and future permitted Senior Debt or Super Priority Debt and amounts due to any notes trustee or any security agent, *pari passu* without any preference among them;

ii. second, the Senior Subordinated Guarantee Debt, Holdco Debt and future permitted Senior Subordinated Debt, *pari passu* without any preference among them;

iii. third, the intercompany debt, pari passu, without any preference among them; and

iv. fourth, the shareholder debt.

Priority of Security

The Intercreditor Agreement provides that the Security provided by the Obligors (and any other parties) for the Senior Debt and any future permitted Super Priority Debt (together, the "**Senior Secured Debt**"), the Senior Subordinated Debt, the Senior Subordinated Guarantee Debt and the Senior Subordinated Notes Issuer Debt (together with the Senior Secured Debt, the "**Secured Debt**") and the creditors of such Secured Debt (the "**Secured Creditors**") will rank in the following order:

i. firstly, the Senior Secured Debt (*pari passu* among such class of debt) *pari passu* and without any preference between them); and

ii. secondly, the Senior Subordinated Debt, the Senior Subordinated Guarantee Debt and the Subordinated Notes Issuer Debt.

Restrictions

Subject to certain limited exceptions and subject to, *inter alia*, the provisions set forth under the captions "—*Permitted Payments*" and "—*Restrictions on Enforcement*", while any Senior Secured Debt is outstanding, the Intercreditor Agreement restricts:

- the ability of the Obligors and their subsidiaries to create or permit to subsist any security interest over any of their assets for any debt owed to the Senior Subordinated Creditors, Ypso Finance, and the intercompany creditors and shareholders, unless not prohibited by the documents governing the Senior Secured Debt;

- the ability of the Obligors and their subsidiaries to pay, purchase, redeem or acquire any of the Senior Subordinated Debt or the Holdco Debt or any intercompany debt or shareholder debt (together with the intercompany debt, the "**Subordinated Debt**"), or otherwise to provide financial support in relation to such liabilities, except for any Senior Subordinated Guarantee Debt in connection with any such payment, purchase, redemption or acquisition of any Senior Subordinated Debt by the issuer of the Senior Subordinated Debt.

Limitation of Credit Support

Pursuant to the Intercreditor Agreement, the Obligors are prohibited from granting any security in favor of any Senior Secured Debt unless that security is given in favor of the Security Agent to hold for the benefit of all other Senior Secured Debt. The Obligors are also prohibited from granting any security in favor of the Senior Subordinated Debt or the Subordinated Debt except (in respect of the Senior Subordinated Debt) for security that is permitted under documents governing the Senior Secured Debt and given in favor of the Security Agent to hold for the benefit of all other Senior Secured Debt, and other security agreed by the Relevant Majority of the Super Priority Creditors (if applicable) and the Relevant Majority of the Senior Bank Creditors and the Relevant Majority of the Senior Subordinated Creditors or otherwise required by the relevant debt documents.

Permitted Payments

The Intercreditor Agreement permits Obligors to pay, *inter alia*:

1. while Senior Debt is outstanding and prior to the incurrence of any Super Priority Debt or after the discharge of any Super Priority Debt, any amounts payable in respect of such Senior Debt at any time, provided that no such payment may be made by the relevant Obligor or received by a Senior Creditor following the occurrence of enforcement trigger event, other than any payments distributed in accordance with the terms of the Intercreditor Agreement and as described under "—*Application of Proceeds*";

2. while any Senior Subordinated Debt is outstanding, any amounts under the Subordinated Debt if:

    a. the payment is permitted or not prohibited under the terms of any documents governing the Senior Secured Debt and/or the Senior Subordinated Debt; and

    b. in relation to an intercompany debt to a non-Obligor and any shareholder debt, no enforcement trigger event is outstanding in respect of any Senior Debt; or

    c. with the consent of each of:

        i. (while any Super Priority Debt is outstanding, the Representatives representing the Relevant Majority of the creditors of the Super Priority Debt (the "**Super Priority Creditors**");

        ii. (while any Senior Bank Debt is outstanding) the Representatives representing the Relevant Majority of the Senior Bank Creditors;

        iii. (while any Senior Secured Notes Debt is outstanding and only to the extent prohibited under their respective indenture (to the extent prohibited by a Senior Secured Notes Designated Debt Document (as defined below)) the Representative representing the Relevant Majority of the Senior Secured Notes Creditors; and

        iv. (while any Senior Subordinated Debt is outstanding), the Representative representing the Relevant Majority of Senior Subordinated Creditors; and

3. while any Senior Secured Debt is outstanding, any amounts under the Senior Subordinated Debt (including any amount to Ypso Finance for purposes of paying such amount not otherwise permitted) if:

    a. the payment is either a Permitted Payment (as defined below) or not prohibited under the terms of any documents governing the Senior Secured Debt; and

    b. on the date falling two days prior to the date of payment, there is no outstanding Senior Secured Debt payment default; and

    c. no Stop Notice (as defined below) is then outstanding; or

    c. with the consent of each of:

i. (while any Super Priority Debt is outstanding) the Representatives representing the Relevant Majority of the Super Priority Creditors;

ii. (while any Senior Bank Debt is outstanding) the Representatives representing the Relevant Majority of the Senior Bank Creditors; and

ii. (while any Senior Secured Notes Debt is outstanding) the Representatives representing the Relevant Majority of the Senior Secured Notes Creditors.

A Representative representing (i) the relevant Senior Bank Creditors or (ii) the relevant Senior Secured Notes Creditors or (iii) the relevant Super Priority Creditors (each in accordance with its underlying documents) may serve a notice specifying that an event of default is outstanding and suspend the payment of any Senior Subordinated Debt (a "**Stop Notice**") until the earlier of:

(i) 179 days after the Stop Notice,

(ii) if an enforcement notice specifying a default under the Senior Subordinated Debt has been served by a Representative of the Relevant Majority of the Senior Subordinated Creditors (an "**Enforcement Notice**") and a standstill period of 179 days (a "**Standstill Period**") is already in effect, the date on which such Standstill Period expires,

(iii) the date on which the event of default under the relevant Senior Secured Debt document has been remedied or waived in accordance with the relevant debt document,

(iv) the date on which each Representative that served the Stop Notice cancels such Stop Notice,

(v) the date on which the creditors with respect to the Senior Subordinated Debt take enforcement action in accordance with (and as permitted by) the Intercreditor Agreement, and

(vi) the date the Senior Secured Debt is no longer outstanding.

The Stop Notice is to be issued within 45 days of receipt of notice of such default and only one such notice may be served within any 360 day period (or prior to all interest current on the Senior Subordinated Debt at the time the previous Stop Notice expired having been paid in full) and not more than one Stop Notice may be served in respect of the same event or set of circumstances. Notwithstanding the service of a Stop Notice, the payment of any notes trustee or security agent amounts may be made during the period when such Stop Notice is in effect.

For purposes of the Intercreditor Agreement, "**Permitted Payments**" is defined to include, in the case of the Senior Subordinated Debt, certain customary permitted payments which include scheduled payments of interest; amounts payable under Senior Subordinated Debt by way of default interest, liquidated charges or penalty interest; amounts payable under applicable gross up provisions or currency indemnities; fees, costs, expenses and taxes incurred in respect of the issuance and offering of the Senior Subordinated Notes or the ordinary day-to-day administration of the Senior Subordinated Notes; principal amount of the Senior Subordinated Notes upon or after their originally scheduled maturity; any other amount not exceeding US$1 million in any 12-month period; note trustee costs and security agent costs; certain permitted defeasance trust payments; amounts funded from the proceeds of issuance of, or exchanged for or converted into certain defined permitted junior securities any other amounts consented to by the Representatives representing the Relevant Majority of each of the Super Priority Debt, Senior Bank Debt, or to the extent prohibited by relevant underlying documents, the Senior Secured Notes.

Enforcement Instructions

No Senior Secured Creditor has any independent power to enforce, or have recourse to, any Security except through the Security Agent and the Security Agent shall enforce Security (if then enforceable) if so instructed by the Representatives of the Instructing Group or by the Relevant Majority of Super Priority Creditors. The Security Agent may disregard any instructions from any other person to enforce the Security and may disregard any instructions to enforce any Security if those instructions are inconsistent with the Intercreditor Agreement. The Security Agent is not obliged to enforce the Security if it has not received security and/or indemnity to its satisfaction from the relevant creditors.

Release of Security and Guarantees

If a disposal of an asset owned by an Obligor is made to a person or persons outside the Group and either (i) the disposal is not permitted or prohibited by the underlying finance documents, or (ii) the disposal is being effected at the request of the relevant creditor in circumstances where it is entitled to take enforcement action under the Intercreditor Agreement (and such disposal is consistent with certain security enforcement principles), or (iii) the disposal is pursuant to enforcement action in accordance with the Intercreditor Agreement the Security Agent is authorized to release any Security and other claims (including guarantees) under any finance document over that asset and, if that asset comprises of the shares in the capital of an Obligor or any of its subsidiaries which are subject to Security, release on behalf of the relevant creditor and each Obligor and its Subsidiaries that subsidiary and its subsidiaries from all present and future obligations and liabilities under the relevant finance document provided that the proceeds of the disposal are applied in accordance with the relevant finance document and with the Intercreditor Agreement.

If shares in an Obligor or its holding company are being disposed of and the Security Agent decides to dispose of all or part of the liabilities of such Obligor, holding company or any subsidiary under the finance documents, the Security Agent may: (i) dispose of all or part of such liabilities such that the transferee shall not be treated as a Senior Secured Creditor or a secured party; and (ii) dispose of all (and not part) of such liabilities owed to the Senior Secured Creditors on behalf of the relevant creditors and Obligors such that the transferee be treated as a Senior Secured Creditor or a secured party.

Turnover

The Intercreditor Agreement provides that if any Senior Secured Creditor or (where applicable as a result of a judicial foreclosure or other similar sale of assets of an Obligor upon enforcement) any special purpose vehicle acquiring or holding assets on behalf of Senior Secured Creditors, Senior Subordinated Creditor or Subordinated Creditor receives or recovers a payment of any Senior Secured Debt, Senior Subordinated Debt or Subordinated Debt which is prohibited by the Intercreditor Agreement or not paid in accordance with the provisions described under "—*Application of Proceeds*", subject to certain exceptions, the receiving or recovering creditor will promptly notify the Security Agent and hold any amount on trust for the creditors and, upon demand by the Security Agent, pay that amount to the Security Agent or, if lower, the amount of debt owed to the relevant category of creditor, in each case less the third party costs and expenses (if any) reasonably incurred in receiving or recovering such amount, for application by the Security Agent in accordance with the order of priority described under "—*Application of Proceeds*". These provisions will not apply to any receipt or recovery by the Super Priority Hedging Banks or the Senior Hedging Banks in relation to certain netting and set-off arrangements with Obligors, permitted refinancing, or otherwise in accordance with the loss sharing provisions of the Intercreditor Agreement.

If the Security Agent is not entitled for reasons of applicable law, to pay any proceeds of enforcement to the relevant Representatives, but can distribute such amounts to Secured Creditors who are subordinated in accordance with the terms of the Intercreditor Agreement, such Secured Creditors shall make such payments as required to place all Secured Creditors in the position they would have been in had such amounts been applied in accordance with the order of priority set out under "—*Application of Proceeds*".

Subordination on Insolvency

After the occurrence of an insolvency event in relation to any Obligor (the "**Insolvent Obligor**"), the shareholder debt and (unless otherwise required by the Representatives of the Instructing Group or the Relevant Majority of Super Priority Creditors) the intercompany debt owed by the Insolvent Obligor will be subordinate in right of payment to the Secured Debt owed by such Insolvent Obligor and the Senior Subordinated Debt owed by the Insolvent Obligor (excluding for the avoidance of doubt, any Senior Subordinated Notes Issuer Debt) will be subordinate in right of payment to the Senior Secured Debt owed by such Insolvent Obligor.

If any Obligor commences a case under the United States Bankruptcy Code, 11 U.S.C. § 101 et seq., as amended (the "**U.S. Bankruptcy Code**") (a "**U.S. Insolvency Proceeding**"), the Intercreditor Agreement provides that it shall be effective during the U.S. Insolvency Proceeding of any such Obligor and the relative rights as to the Security and proceeds thereof shall continue on the same basis as prior to the date of the petition. Under any such U.S. Insolvency Proceeding consent for the provision of any debtor-in-possession financing under section 364 of the U.S. Bankruptcy Code that is secured by liens senior to or *pari passu* with the liens securing the Senior Debt or to the use of cash collateral under section 363 of the U.S. Bankruptcy Code shall only require the consent of

the majority of the Senior Creditors. Notwithstanding anything to the contrary in the Intercreditor Agreement, that agreement provides that the parties to the Intercreditor Agreement shall retain all rights to vote to accept or reject any plan of reorganization, composition, arrangement or liquidation in connection with any U.S. Insolvency Proceeding. In the event of a U.S. Insolvency Proceeding, the provisions of the Intercreditor Agreement will be subject to interpretation and enforcement by the United States Bankruptcy Court with jurisdiction over the U.S. Insolvency Proceeding and to the provisions of the U.S. Bankruptcy Code.

Filing of Claims

While any Senior Secured Debt is outstanding, the Security Agent is authorized (acting on the instructions of the Representatives of the Instructing Group or the Relevant Majority of Super Priority Creditors) to: (i) claim, enforce and prove for any debt owed by the Insolvent Obligor (ii) only with respect to shareholder debt, exercise all powers of convening meetings, voting and representations in respect of the shareholder debt owed by the Insolvent Obligor (iii) file claims and proofs, give receipts and take all such proceedings and do all such things as the Security Agent considers reasonably necessary to recover any debt owed by the Insolvent Obligor and (iv) receive all payments of or in respect of any debt owed by the Insolvent Obligor for application in accordance with the provisions set forth under "—*Application of Proceeds*". Notwithstanding the foregoing, nothing shall (i) entitle any party to exercise or require any other party to exercise such power of voting or representation to waive, reduce, discharge, extend the due date for payment of or reschedule any of the Senior Subordinated Debt; or (ii) be deemed to require any Senior Subordinated Notes Creditor to hold a meeting or pass any resolution at such meeting or give any consent pursuant to the terms of any finance documents, or (iii) authorize any Super Priority Creditor or Senior Creditor to take any action against the Senior Note Issuer.

If the Security Agent is not entitled or does not take any of the actions referred to above, the representatives of Senior Subordinated Debt, the Senior Subordinated Creditors and the Subordinated Creditors (i) will each do so promptly when requested by the Security Agent (acting on the instructions of (while Super Priority Debt is outstanding) the Relevant Majority of Super Priority Creditors or the Instructing Group subject, in the case of Senior Subordinated Creditors only, to either or both the Super Priority Creditors or the Senior Creditors giving an appropriate indemnity for any costs and expenses which may be reasonably incurred by the Senior Subordinated Creditors and their representative in doing or taking the actions so requested); and (ii) may each do so to the extent permitted as described under "—*Restrictions on Enforcement*".

Application of Proceeds

Subject to the rights of any creditor (other than a Secured Creditor) with prior security or preferential claims, all amounts from time to time received pursuant to the provisions described under "—*Turnover*" or otherwise recovered by the Security Agent (or any other creditors), (i) pursuant to the terms of any relevant finance document, or (ii) in connection with the realization or enforcement of all or any part of the security in favor of the Secured Debt, the sale of any asset of any Obligor pursuant to an insolvency event or, an enforcement action, judicial supervised or sanctioned reorganization or administrative work-out restructuring or otherwise shall be held by the Security Agent on trust for the Secured Creditors or (in the case of a foreclosure over the assets of any Obligor) for the Secured Creditors in their capacity as holders of the secured assets (each a "**Foreclosed Assets Holder**") ("**Enforcement Proceeds**") to apply them at any time as the Security Agent sees fit, and to the extent permitted by law, in the following order:

first, in payment of the following amounts in the following order of priority: (i) *pari passu* and pro rata to the Security Agent and thereafter to any notes trustee in respect of any amounts due to each such party, and (ii) pari passu and pro rata to each representative of Super Priority Debt (if any), Senior Bank Debt, Senior Secured Notes Debt and Senior Subordinated Debt (if any) of the fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of each such representative and any receiver, attorney or agent appointed by such representative under the security documents or the Intercreditor Agreement;

second, in payment *pari passu* and pro rata of the balance of the costs and expenses of each Super Priority Creditor and each Senior Creditor in connection with such enforcement;

third, in payment *pari passu* and pro rata to any Foreclosed Assets Holder in an amount equal to the amount of its tax liabilities arising from the relevant foreclosure proceedings and holding of the applicable assets;

fourth, in payment *pari passu* and pro rata to the representative of the Super Priority Debt and the Hedging Banks (to the extent any Super Priority Debt may be owed to them) for application towards the balance of the Super Priority Debt (if any);

fifth, in payment *pari passu* and pro rata to any Foreclosed Assets Holder which has paid Soulte (being the amount by which the value of the foreclosed assets exceeds the obligations discharged as a result of the foreclosure) in an amount equal to the Soulte paid by it;

sixth, in payment *pari passu* and pro rata to each representative of Senior Debt and the Hedging Banks for application towards (i) Senior Bank Debt, (ii) Senior Secured Notes Debt, and (iii) the Hedging Debt;

seventh, (only to the extent secured) in payment of the balance of the costs and expenses of each Senior Subordinated Creditor in connection with such enforcement;

eighth, (only to the extent secured) in payment *pari passu* and pro rata to each Senior Subordinated Creditor towards the balance of the Senior Subordinated Debt;

ninth, if a foreclosure has occurred whilst no Senior Secured Debt is outstanding, to any Obligor or Subordinated Creditor to which a Soulte has been paid or remains payable, in payment or distribution in an amount equal to such Soulte; and

tenth, in payment of the surplus (if any) to the Obligors or other person entitled to it.

If the application of any enforcement proceeds or recoveries (the "**Relevant Proceeds**") applied in accordance with the foregoing is made in or towards the discharge of any one or more categories of debt and would result in or have the effect of an unlawful payment or discharge then: (i) those Relevant Proceeds will be applied in or towards the discharge in full only of any such debt (but subject at all times to the other provisions of the Intercreditor Agreement) guaranteed or secured by the rights the enforcement or realization of which gave rise to the Relevant Proceeds; and (ii) those Relevant Proceeds will only be applied in or towards discharge of any such debt the discharge of which would not result in or have the effect of an unlawful payment or discharge, and thereafter as described under "—*Turnover*".

Equalization of the Senior Creditors

The Intercreditor Agreement provides that if prior to the incurrence of any Super Priority Debt or after the discharge of all Super Priority Debt, for any reason, any Senior Debt remains unpaid after the enforcement date and the resulting losses are not borne by the Senior Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Creditors at the enforcement date, the Senior Creditors (subject, in the case of amounts owing to the trustees, to the terms of the Intercreditor Agreement) will make such payments amongst themselves as the Security Agent shall require to put the Senior Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Amendment

Prior consent of each Representative (other than any Senior Subordinated Representative unless in respect of an amendment, waiver or consent under any security document evidencing Security in favor of the Senior Subordinated Creditors) is required for any waivers, consents, or amendments in relation to any security documents if any such amendments, waivers or consents would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of Security is distributed unless such amendment, or waiver, is expressly permitted by the terms of any finance document.

The Intercreditor Agreement may be amended by the Obligors and the Security Agent without consent of the other parties if the amendment is to cure defects, typographical errors, resolve ambiguities or reflect changes, in each case, of a minor technical or administrative nature. Where an amendment affects the rights and obligations of one or more parties to the Intercreditor Agreement and could not reasonably be expected to be adverse to the interests of other parties or class of parties, only the parties affected by such amendment need to agree to the amendments.

Other than in respect of certain customary amendments and waivers (which require the consent of each of the Senior Creditors, the Senior Subordinated Creditors, the Super Priority Creditors, the Security Agent and the Company), the Intercreditor Agreement may be amended or waived or any consent may be given under it with

the written agreement of the Relevant Majority of each of the Super Priority Creditors, the Senior Bank Creditors, the Senior Secured Notes Creditors and the Senior Subordinated Creditors, Altice France and the Security Agent thereunder.

Notwithstanding any other provision of the Intercreditor Agreement, if at any time a member of the Group wishes to incur additional debt which is permitted or not prohibited by the Intercreditor Agreement and each other finance document in force at such time, to be incurred and to have the benefit of the Intercreditor Agreement (including, as applicable, to share in the Security and/or rank behind either or all of the liabilities owed by any Obligor under any finance document (the "**Existing Liabilities**") and/or to share in any Security behind such Existing Liabilities) Altice France and the Security Agent thereunder may enter into such amendments, changes and other modifications (including, but not limited to, providing for the accession of further creditors or their representatives under the Intercreditor Agreement) to the Intercreditor Agreement as may be necessary or appropriate to accommodate the terms of, and (if applicable) any guarantees and any security provided in respect of, any such additional debt so as to ensure that such additional debt may benefit from the Intercreditor Agreement. Such changes shall be binding on all parties to the Intercreditor Agreement (without requiring the consent of any Representative or other party) provided that no additional obligations, other than those set forth in the Intercreditor Agreement, may be imposed on any Representative without its consent. The Security Agent shall promptly provide a copy of any such amendments, changes or other modifications made to the Intercreditor Agreement in accordance to each Representative.

For the avoidance of doubt, the Intercreditor Agreement will not govern the rights of the holders of HoldCo Senior Notes and Proposed Holdco Exchange Notes.

Perpetual Subordinated Notes

In 2006, one of the subsidiaries of the Group, SFR Fibre issued perpetual subordinated notes (the "**Perpetual Subordinated Notes**") for the benefit of Vilorex, a subsidiary of GDF SUEZ. The proceeds of the Perpetual Subordinated Notes have been allocated to the funding of the construction of connectors in cities in the southern part of SIPPEREC (*Syndicat Intercommunal de la Périphérie de Paris pour l'Electricité et les Réseaux de Communication*). The Perpetual Subordinated Notes bear interest at an annual rate of 7%. The interest on the Perpetual Subordinated Notes is capitalized. As of September 30, 2019, total financial liabilities, excluding interest, under the Perpetual Subordinated Notes amounted to €56 million. The Perpetual Subordinated Notes have been issued for an indefinite period and are repayable either in the case of liquidation or dissolution of SFR Fibre, or when SFR Fibre reaches a certain level of turnover generated by the customers covered by the connectors. These trigger thresholds have not been attained since the date of the issuance of Perpetual Subordinated Notes. SFR Fibre may choose to pay in advance all or part of the Perpetual Subordinated Notes upon ten days' notice.

Security Deposits Received from Subscribers

Security deposits received from subscribers amounted to €200 million, €200 million and €188 million as of December 31, 2018, 2017, and 2016 respectively. As of September 30, 2019, security deposits received from subscribers amounted to €203 million. These deposits are made when subscribers receive equipment from the Group. The subscribers' deposits are reimbursed upon cancellation of their subscription, on the condition of subscribers having paid outstanding invoices and returning the equipment. The guarantee deposits are recorded in the statement of financial position as long-term debt.

Finance Leases

Several companies of the Group have entered into contracts of finance leases on real estate properties (usually for periods of 20 to 30 years), office equipment (mainly for periods of four years) and technical equipment. All of our lease contracts are denominated in euro. Some real estate leases provide that at the beginning of the rental period annual rents will be fixed but will subsequently become linked to an index based on the rate of inflation (corresponding to a specific percentage increase).

See "*Capitalization*" elsewhere in this Notice for the commitments of the Group (the current value of minimum rents) under its finance leases.

2019 Hivory Senior Revolving Facilities

Overview

On February 22, 2019, Hivory, a restricted subsidiary of Altice France, entered into a facility agreement which provided for a senior revolving facility, in an initial aggregate principal amount of €300 million (the "**2019 Hivory Senior Revolving Facilities**") with Hivory as the borrower and guarantor, certain lenders party thereto and Wilmington Trust (London) Limited as facility agent (as amended, restated, supplemented or otherwise modified from time to time, the "**2019 Hivory Senior Revolving Facilities Agreement**") in connection with the Towers Transaction to refinance the indebtedness of Hivory and its holding companies and subsidiaries (the "**Hivory Group**"), pay transaction costs and to finance general corporate purposes and/or working capital of the Hivory Group. The 2019 Hivory Senior Revolving Facilities may be utilized by way of revolving credit loans or bank guarantees. See "*Business of the Group—Material Contracts—Hivory—Agreement to Dispose of Tower Assets*".

The 2019 Hivory Senior Revolving Facilities mature on February 22, 2024.

Interest Rate and Fees

Borrowings under the 2019 Hivory Senior Revolving Facilities bear interest at an annual rate equal to (i) the higher rate between (a) the LIBOR (or in the case of loans in Euros, EURIBOR) rate and (b) 0.00% plus (ii) a specified margin. The undrawn commitment fee is based on a specified percentage of margin.

A guarantee fee in respect of each issued and outstanding bank guarantee accrues at an annual rate derived from the margin applicable to a loan under the 2019 Hivory Senior Revolving Facilities, subject to a specified floor. In addition, each issuing bank of a guarantee will receive an issuing fee accruing at a specified annual rate on the amount of the relevant guarantee.

Prepayments

The 2019 Hivory Senior Revolving Facilities may be voluntarily prepaid at any time without premium or penalty, subject to customary "breakage" costs.

The 2019 Hivory Senior Revolving Facilities Agreement permits the lenders to request Hivory to prepay outstanding loans and cancel the outstanding commitments thereunder in the order of application set out in the 2019 Hivory Senior Revolving Facilities Agreement upon a change of control or sale of all or substantially all of the business and assets of the Hivory Group.

Guarantees and Security

Hivory and the other members of the Hivory Group, guarantee or will guarantee on a senior basis, the obligations of each other obligor under the 2019 Hivory Senior Revolving Facilities Agreement and related finance documents subject to applicable guarantee limitations specified therein. Hivory is required to maintain, on an annual basis, a guarantor coverage test of at least 80% of the consolidated EBITDA of the Hivory Group. Each entity that is a material subsidiary of Hivory (calculated as having at least 5% of consolidated EBITDA of the Hivory Group) and each holding company of such subsidiary (as well as the holding company of any borrower) that is a member of the Hivory Group and that is incorporated in France is required to become a guarantor.

The 2019 Hivory Senior Revolving Facilities are not secured.

Certain Covenants and Events of Default

The 2019 Hivory Senior Revolving Facilities Agreement requires Hivory to maintain a maximum 2.25:1 ratio of consolidated net leverage to pro forma EBITDA for the periods set out therein.

The 2019 Hivory Senior Revolving Facilities Agreement includes negative covenants that, among other things and subject to certain exceptions and qualifications, limit the ability of obligors to: (i) create security over assets, (ii) dispose of assets, and (iii) change the line of business.

The 2019 Hivory Senior Revolving Facilities Agreement also contains certain customary representations and warranties, covenants and events of default. If an event of default occurs, the lenders under the 2019 Hivory Senior Revolving Facilities will be entitled to take various actions, including the acceleration of amounts due under the 2019 Hivory Senior Revolving Facilities and all actions permitted to be taken by a creditor.

HoldCo Intercreditor Agreement

To establish the relative rights of certain creditors of the Altice France HoldCo, on the Automatic Exchange Date, the Altice France HoldCo will enter into an intercreditor agreement (the "**HoldCo Intercreditor Agreement**") with, amongst others:

- the trustee for the Proposed Holdco Exchange Notes on its behalf and on behalf of the holders of the Proposed Holdco Exchange Notes (the "**Proposed Holdco Exchange Notes Creditors**");

- the trustee for the HoldCo Senior Notes on its behalf and on behalf of the holders of the HoldCo Senior Notes (the "**HoldCo Senior Notes Creditors**");

- any persons that accede to the HoldCo Intercreditor Agreement as trustee for any future senior notes (the "**Additional Senior Notes**", and together with the Proposed Holdco Exchange Notes and the HoldCo Senior Notes, the "**Senior Notes**") on its behalf and on behalf of the holders of such additional senior notes (the "**Additional Senior Notes Creditors**" and, together with the Proposed Holdco Exchange Notes Creditors and the HoldCo Senior Notes Creditors, the "**Senior Notes Creditors**");

- any persons that accede to the HoldCo Intercreditor Agreement under any future term or revolving credit facility designated as a senior bank facility (other than any such facility providing for Super Priority Debt (as defined below)) (a "**Senior Bank Facility**") in accordance with the terms of the HoldCo Intercreditor Agreement (the "**Senior Bank Creditors**");

- any persons that accede to the HoldCo Intercreditor Agreement as counterparties to certain hedging agreements in accordance with the terms of the HoldCo Intercreditor Agreement that are not Super Priority Hedging Agreements (as defined below) (the "**Senior Hedging Agreements**" and any persons that accede to the HoldCo Intercreditor Agreement as counterparties to the Senior Hedging Agreements are referred to in such capacity as the "**Senior Hedging Banks**", and together with the Senior Notes Creditors, and the Senior Bank Creditors, the "**Senior Creditors**");

- any persons that accede to the HoldCo Intercreditor Agreement under any revolving credit facility or guarantee facility designated as ranking in priority to liabilities owed to the Senior Creditors with respect to proceeds of enforcement of Security (as defined below) and Distressed Disposals (as defined below) proceeds (a "**Super Priority Bank Facility**") in accordance with the terms of the HoldCo Intercreditor Agreement (the "**Super Priority Bank Creditors**");

- any persons that accede to the HoldCo Intercreditor Agreement as counterparties to certain hedging agreements designated as ranking in priority to liabilities owed to the Senior Creditors with respect to proceeds of enforcement of Security and Distressed Disposals proceeds (the "**Super Priority Hedging Agreements"**) in accordance with the terms of the HoldCo Intercreditor Agreement (the "**Super Priority Hedging Banks**", together with the Super Priority Bank Creditors, the "**Super Priority Creditors**", and together with the Senior Creditors, the "**Senior Secured Creditors**");

- any persons that accede to the HoldCo Intercreditor Agreement in their capacity as creditors (the "**Shareholders**") under any shareholder indebtedness provided to the Altice France HoldCo (the "**Shareholder Debt**"); and

- any persons that accede to the HoldCo Intercreditor Agreement in their capacity as creditors (the "**Intercompany Creditors**", and together with the Shareholders, the "**Subordinated Creditors**", and together with the Senior Secured Creditors, the "**Creditors**") under certain intercompany indebtedness provided to an Obligor (as defined below) (the "**Intercompany Debt**", and together with the Shareholder Debt, the "**Subordinated Debt**").

The HoldCo Intercreditor Agreement provides that existing indebtedness of the Altice France HoldCo may be refinanced and/or future indebtedness may be incurred by the Altice France HoldCo subject to the terms of the

HoldCo Intercreditor Agreement and each finance document then existing. Future debt designated under the HoldCo Intercreditor Agreement as ranking in priority to liabilities owed to the Senior Creditors with respect to proceeds of enforcement of Security and Distressed Disposals proceeds is subject to certain conditions, including that it may only be in the form of a revolving credit facility or guarantee facility, or hedging indebtedness, and to the extent permitted (or not prohibited) by the terms of each finance document.

For the purposes of the HoldCo Intercreditor Agreement, except in relation to instructions to the Security Agent (the "**Enforcement Instructions**") to enforce the Security and/or make Distressed Disposals (collectively "**Enforce**", and "**Enforcement**" shall have a correlative meaning) and subject to the provisions set forth under the caption "*—Amendments*", the creditors of any class of Senior Debt (as defined below) and Super Priority Debt (as defined below) (together, the "**Senior Secured Debt**") will vote together with the other creditors of such class and a representative trustee or agent within that class of Senior Secured Debt (a "**Representative**") may act on the instructions of creditors of that class of Senior Secured Debt holding in the aggregate 50.1% or more of (i) the aggregate drawn and undrawn commitments, (ii) (prior to the acceleration date of any Senior Secured Debt) the aggregate of termination or close-out payments that would be due in respect of hedging agreements on the calculation date or (after the acceleration of any Senior Secured Debt) the aggregate amounts due in respect of those hedging agreements as a result of a permitted termination or close out of those hedging agreements or (iii) the aggregate outstanding principal amount of indebtedness, as the case may be, of such class (a "**Relevant Majority**"). Super Priority Hedging Banks will vote together with the Super Priority Debt. Senior Hedging Banks will vote together with the Senior Debt. In relation to any Enforcement Instructions, either the Relevant Majority of Senior Creditors or the Relevant Majority of Super Priority Creditors, acting together as an instructing group (the "**Instructing Group**") will be entitled to give such Enforcement Instructions, in accordance with the provisions set forth under the caption "*—Enforcement Instructions.*"

By accepting a Senior Note the relevant holder thereof shall be deemed to have agreed to and accepted the terms and conditions of the HoldCo Intercreditor Agreement.

The following description is a summary of certain provisions, among others, that are contained in the HoldCo Intercreditor Agreement that relate to the rights and obligations of the Senior Notes Creditors following the Automatic Exchange Date. It does not restate the HoldCo Intercreditor Agreement nor does it describe provisions relating to the rights and obligations of holders of other classes of our debt and you are urged to read that document in its entirety because it, and not the discussions here, define certain rights of the parties to the HoldCo Intercreditor Agreement, including the Senior Notes Creditors following the Automatic Exchange Date.

Order of Priority

Ranking & Priority

The HoldCo Intercreditor Agreement provides that, subject to certain provisions, the liabilities of the Altice France HoldCo (and any other person which accedes to the HoldCo Intercreditor Agreement as issuer, borrower, guarantor and/or provider of security for any liabilities under any finance document governing the Senior Debt (as defined below) (together with the Altice France HoldCo, the "**Obligors**")) under or in respect of, amongst others, (i) any Super Priority Bank Facilities (the "**Super Priority Bank Debt**"), (ii) any Super Priority Hedging Agreements ("**Super Priority Hedging Debt**" and together with the Super Priority Bank Facility Debt, the "**Super Priority Debt**"), (iii) any Senior Notes (the "**Senior Notes Debt**"), (iv) any Senior Bank Facilities (the "**Senior Bank Debt**"), (v) any Senior Hedging Agreements ("**Senior Hedging Debt**" and together with the Senior Notes Debt and the Senior Bank Facility Debt, the "**Senior Debt**"), (vi) the Shareholder Debt and (vii) the Intercompany Debt will rank in right and order of payment in the following order:

- i. *first*, the Super Priority Bank Debt, the Super Priority Hedging Debt, the Senior Notes Debt, the Senior Bank Debt, the Senior Hedging Debt, *pari passu* without any preference between them;
- ii. *second*, the Shareholder Debt; and
- iii. *third*, the Intercompany Debt.

Priority of Security

The HoldCo Intercreditor Agreement provides that the security provided by the Obligors (the "**Security**") for the Senior Secured Debt will rank the Super Priority Bank Debt, the Super Priority Hedging Debt, the Senior Notes Debt, the Senior Bank Debt and the Senior Hedging Debt, *pari passu* without any preference between them.

Restrictions

Subject to certain limited exceptions and subject to, *inter alia*, the provisions set forth under the captions "—*Permitted Payments*" and "—*Restrictions on enforcement actions*", while any Senior Secured Debt is outstanding, the HoldCo Intercreditor Agreement restricts (to the extent not otherwise consented to by the relevant Representative representing the Relevant Majority of: (i) (only to the extent prohibited under the Super Priority Debt documents) the Super Priority Creditors (while any Super Priority Debt is outstanding); (ii) (only to the extent prohibited under the Senior Bank Debt documents) Senior Bank Creditors (while any Senior Bank Debt is outstanding); and/or (iii) (only to the extent prohibited under the Senior Notes documents) the Senior Notes Creditors (while any Senior Notes Debt remains outstanding)):

- the ability of the Obligors and their subsidiaries to create or permit to subsist any security interest over any of their assets for any Subordinated Debt;
- the ability of the Obligors and their subsidiaries to pay, purchase, redeem or acquire any of the Subordinated Debt, or otherwise to provide financial support in relation to such liabilities; and
- the ability of the Obligors to discharge the Subordinated Debt by set off, any right of combination of accounts or otherwise.

Limitation of Credit Support

Pursuant to the HoldCo Intercreditor Agreement, the Obligors are prohibited from granting any security in favor of any Senior Secured Debt unless that security is given in favor of the Security Agent to hold for the benefit of all other Senior Secured Debt.

Permitted Payments

While any Senior Secured Debt is outstanding, Obligors will only be permitted to make payments of Subordinated Debt:

- a. with the prior written consent of:
    - i. (while any Super Priority Debt is outstanding) the relevant Representatives representing the Relevant Majority of the Super Priority Creditors;
    - ii. (while any Senior Bank Debt is outstanding) the Representatives representing the Relevant Majority of the Senior Bank Creditors; and
    - iii. (while any Senior Notes Debt is outstanding) (only to the extent prohibited under the Senior Notes documents) the relevant Representatives representing the Relevant Majority of the Senior Notes Creditors; or
- b. where such payments are not prohibited by the finance documents in respect of the Senior Secured Debt and if no Senior Secured Creditor has accelerated any of the Senior Secured Debt.

Restrictions on enforcement actions

Subject to certain limited exceptions, and except with the consent of the relevant Representatives in respect of an Instructing Group, the Subordinated Creditors cannot: (i) demand payment of any Subordinated Debt; (ii) accelerate any of the Subordinated Debt or otherwise declare any of the aforementioned debt prematurely due or payable on an event of default or otherwise; (iii) enforce any of the Subordinated Debt by attachment, set off, execution or otherwise; (iv) petition for, initiate, support or take any steps with a view to any insolvency or any

voluntary arrangement or assignment for the benefit of creditors or any similar proceedings involving an Obligor; (vi) sue or bring or support any legal proceedings against any Obligor or its subsidiaries; or (vii) otherwise exercise any remedy for the recovery of any Subordinated Debt.

A Subordinated Creditor will be allowed to bring or support proceedings to prevent the loss of any right to bring or support proceedings by reason of expiry of statutory limitation periods.

Enforcement Instructions

No Senior Secured Creditor has any independent power to Enforce, or has recourse to, any Security except through the Security Agent and the Security Agent shall Enforce (if any Security would then be enforceable) if so instructed by the Instructing Group. The Security Agent may disregard any instructions from any other person to Enforce and may disregard any instructions to Enforce if those instructions are inconsistent with the HoldCo Intercreditor Agreement. The Security Agent is not obliged to Enforce if it has not received security and/or indemnity to its satisfaction by the relevant Creditors.

To the extent that the Relevant Majority of Super Priority Creditors or the Relevant Majority of the Senior Creditors wish to Enforce, they must notify the Senior Agent and each other Senior Representative 10 business days prior to the date it issues the Enforcement Instructions (the "**Proposed Enforcement Instruction Date**"). If the Security Agent receives conflicting Enforcement Instructions prior to the Proposed Enforcement Instruction Date, the Representatives of the Super Priority Creditors and the Representative of the Senior Creditors shall consult with one another and with the Security Agent in good faith for 30 days (or such shorter period as may be agreed) (the "**Consultation Period**"). Consultation will not be required if the Security has become enforceable as a result of an insolvency event relating to an Obligor against whom such Enforcement action is taken or if any of such instructing Representatives determines in good faith that consultation (and thereby delay) could reasonably be expected to have a material adverse effect on the ability to Enforce or the realization of proceeds of Enforcement.

While any Super Priority Debt is outstanding, if the Security Agent receives conflicting Enforcement Instructions (and failure by either the Senior Creditors or the Super Priority Creditors to issue Enforcement Instructions will be deemed to be conflicting Enforcement Instructions) from the Representatives of the Super Priority Debt or the Senior Creditors, and the Consultation Period has passed (or is not required), the Security Agent shall comply with the Enforcement Instructions from the Representatives representing the Relevant Majority of the Senior Debt, and in such instance, the Instructing Group shall refer to the Relevant Majority of the Senior Debt; provided that the Enforcement Instructions of the Super Priority Creditors (and in such instance, the Instructing Group shall refer to the Relevant Majority of the Super Priority Debt) will prevail if (i) the Super Priority Creditors have not been fully and finally discharged in cash within six months of the Proposed Enforcement Instruction Date, or (ii) the Security Agent has not commenced any Enforcement action within 3 months of the Proposed Enforcement Date. All Enforcement Instructions will need to comply with the following security enforcement principles:

- 1. It shall be the aim of any Enforcement to achieve the Security Enforcement Objective. "**Security Enforcement Objective**" means maximizing, so far as is consistent with a prompt and expeditious Enforcement of the Security, the recovery of the Super Priority Creditors and (without prejudice to the waterfall described in "—*Application of Proceeds*" below) the Senior Creditors.

- 2. The security enforcement principles may be amended, varied or waived with the prior written consent of the Relevant Majority of Super Priority Creditors (while any Super Priority Debt is outstanding), the Relevant Majority of the Senior Creditors and the Security Agent.

- 3. Without prejudice to the Security Enforcement Objective, the Security will be Enforced and other action as to Enforcement (including Distressed Disposals) will be taken such that either:

    - (a) in the event Enforcement is being effected in accordance with the instructions of the Senior Creditors either:

        - (i) all proceeds of Enforcement are received by the Security Agent in cash for distribution in accordance with the waterfall described in "—*Application of Proceeds*" below; or

- (ii) sufficient proceeds from Enforcement will be received by the Security Agent in cash to ensure that when the proceeds are applied in accordance with the waterfall described in "—*Application of Proceeds*" below), the Super Priority Debt is repaid and discharged in full (unless the Relevant Majority of Super Priority Creditors (while any Super Priority Debt is outstanding) agree otherwise); or

- (b) in the event Enforcement is being effected in accordance with the instructions of the Super Priority Creditors all proceeds of Enforcement are received by the Security Agent in cash for distribution in accordance with the waterfall described in "—*Application of Proceeds*" below.

- 4. The Enforcement must be prompt and expeditious it being acknowledged that, subject to the other provisions of the HoldCo Intercreditor Agreement, the time frame for realization of value from the Enforcement will be determined by the Representatives representing the Instructing Group provided that it is consistent with the Security Enforcement Objective.

- 5. On:

  - (a) a proposed Enforcement in respect of assets other than shares in an Obligor or a member of the Group, where the aggregate book value of such assets exceeds $5,000,000 (or its equivalent); or

  - (b) a proposed Enforcement in respect of some, but not all, of the shares in an Obligor or a member of the Group over which Security exists;

  the Security Agent shall, if so requested by Representatives representing the Instructing Group, and at the expense of such Creditors, obtain an opinion from any (X) reputable and independent internationally recognized accounting firm, (Y) reputable and independent internationally recognized investment bank, or (Z) other reputable and independent professional services firm experience in restructuring and enforcement (a "**Financial Advisor**"), that the consideration for the sale is fair from a financial point of view after taking into account all relevant circumstances. If the Security Agent is unable to obtain an opinion pursuant to this paragraph 5, it shall notify the Representatives representing the Relevant Majority of the Super Priority Creditors and the Representatives representing the Relevant Majority of the Senior Creditors and may proceed to Enforce without obtaining such opinion.

- 6. The Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the security enforcement principles or any other provision of the HoldCo Intercreditor Agreement.

- 7. The Financial Advisor's opinion will be conclusive evidence that the Security Enforcement Objective has been met.

- 8. If Enforcement is conducted by way of public auction in any relevant jurisdiction, no Financial Advisor shall be required to be appointed in relation to such Enforcement action. Nothing shall require the Enforcement to take place by way of public auction.

Release of Security and Guarantees

Non-Distressed Disposal

Other than in the case where the Security has become enforceable, if (i) a disposal of an asset owned by an Obligor is made pursuant to any transaction permitted or not prohibited by the terms of any underlying finance document pursuant to which that asset will cease to be held or owned by the Altice France HoldCo and its restricted subsidiaries and the disposal is permitted or not prohibited by the underlying finance documents, or (ii) any release of Security or guarantees is in accordance with the terms of each of the underlying finance documents, in each case, the Security Agent is authorized to release any Security and other claims (including guarantees) under any finance document over that asset and, if that asset comprises of the shares in the capital of an Obligor or any of its subsidiaries which are subject to Security, release on behalf of the relevant Creditor and each Obligor and its subsidiaries that subsidiary and its subsidiaries from all present and future obligations and liabilities under the

relevant finance document provided that, the proceeds of any disposal referred to above are applied in accordance with the relevant finance document. When making any request for a release pursuant to this paragraph, the Altice France HoldCo will confirm in writing to the Security Agent that (x) in the case of any release requested pursuant to clause (i) above, the relevant disposal or other action is not prohibited by the terms of any underlying finance document and (ii) in the case of any release requested pursuant to clause (ii), the release requested (or relevant action needing the release) is in accordance with (or is not prohibited by) the terms of, any underlying finance document and the Security Agent shall be entitled to conclusively rely on that confirmation.

Distressed Disposal

A "**Distressed Disposal**" is a disposal of an asset of an Obligor or any of the restricted subsidiaries of the Altice France HoldCo (other than Altice France and any of its restricted subsidiaries) subject to Security which is (i) being effected at the request of an Instructing Group in circumstances where the Security has become enforceable in accordance with the terms of the relevant security documents; (ii) being effected by enforcement of the Security in accordance with the terms of the relevant security documents; or (iii) being effected, after the occurrence of an acceleration event of any Senior Secured Debt, by an Obligor to a person or persons which is not a restricted subsidiary of the Altice France HoldCo.

Where a Distressed Disposal occurs, the Security Agent is authorized to release any Security and other claims (including guarantees) under any finance document over that asset and, if that asset comprises of the shares in the capital of an Obligor or any of its subsidiaries which are subject to Security, release on behalf of the relevant Creditor and each Obligor and its subsidiaries that subsidiary and its subsidiaries from all present and future obligations and liabilities under the relevant finance documents.

If the asset which is disposed of consists of shares in the capital of an Obligor or a holding company of an Obligor and the Security Agent decides to dispose of all or any part of all liabilities of that Obligor under the underlying finance documents, (A) if the Security Agent does not intend that any transferee of those liabilities will be treated as a Senior Secured Creditor for the purposes of the HoldCo Intercreditor Agreement, the Security Agent is authorized to execute and deliver or enter into any agreement to dispose of all or part of those liabilities provided that notwithstanding any other provision of any finance document, the transferee shall not be treated as a Senior Secured Creditor for the purposes of the HoldCo Intercreditor Agreement; and (B) if the Security Agent does intend that any transferee will be treated as a Senior Secured Creditor for the purposes of the HoldCo Intercreditor Agreement, the Security Agent is authorized to execute and deliver or enter into any agreement to dispose of (I) all (and not part only) of the liabilities owed to the Senior Secured Creditors; and (II) all or part of any other liabilities, on behalf of, in each case the relevant Creditors and Obligors.

The net proceeds of a Distressed Disposal (and the net proceeds of any related disposal of liabilities of an Obligor) will be paid to the Security Agent for application in accordance with the provisions set forth under "—*Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the Security.

Turnover

The HoldCo Intercreditor Agreement provides that if any Super Priority Creditor or Senior Creditor or Subordinated Creditor receives or recovers a payment which is prohibited by the HoldCo Intercreditor Agreement and not paid in accordance with the provisions described under "—*Application of Proceeds*", subject to certain exceptions, the receiving or recovering Creditor will promptly notify the Security Agent and hold any amount on trust for the Creditors and, upon demand by the Security Agent, pay that amount to the Security Agent or, if lower, the amount of debt owed to the relevant category of Creditor, in each case less the third party costs and expenses (if any) reasonably incurred in receiving or recovering such amount, for application by the Security Agent in accordance with the order of priority described under "—*Application of Proceeds*". These provisions will not apply to any receipt or recovery by the Senior Hedging Banks and Super Priority Hedging Banks (together, the "**Hedging Banks**") in relation to certain netting and set off arrangements with Obligors, permitted refinancing, or otherwise in accordance with the loss sharing provisions of the HoldCo Intercreditor Agreement.

Subordination on Insolvency

After the occurrence of an insolvency event in relation to any Obligor (the "**Insolvent Obligor**"), the Shareholder Debt and (unless otherwise required by the Representatives of the Instructing Group) the Intercompany Debt owed by the Insolvent Obligor will be subordinated in right of payment to the Super Priority Debt and Senior Debt owed by such Insolvent Obligor.

Filing of Claims

While any Senior Secured Debt is outstanding, the Security Agent is authorized (acting on the instructions of the Instructing Group) to: (i) claim, enforce and prove for any debt owed by the Insolvent Obligor, (ii) only with respect to Subordinated Debt, exercise all powers of convening meetings, voting and representations in respect of the Subordinated Debt owed by the Insolvent Obligor and (iii) file claims and proofs, give receipts and take all such proceedings and do all such things as the Security Agent considers reasonably necessary to recover any debt owed by the Insolvent Obligor. If the Security Agent is not entitled or does not take any of the actions referred to above, the Subordinated Creditors will do so promptly when requested by the Security Agent (acting on the instructions of the Instructing Group).

Application of Proceeds

Subject to the rights of any creditor (other than a Secured Creditor) with prior security or preferential claims arising by application of any mandatory provision of law, all amounts from time to time received pursuant to the provisions described under "—*Turnover*" or otherwise recovered by the Security Agent (or any other creditors) in connection with the realization or Enforcement of all or any part of the Security in favor of the Senior Secured Debt and/or any Distressed Disposal proceeds, shall be applied by the Security Agent, to the extent permitted by law, in the following order:

- *first*, in payment of the Security Agent in respect of any amounts due to the Security Agent pursuant to the finance documents consisting of fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of the Security Agent and any receiver, attorney or agent appointed by it under the security documents or the HoldCo Intercreditor Agreement;

- *second*, in payment *pari passu* and pro rata to each other Representative of each series Senior Secured Debt in respect of any amounts due to such Representative pursuant to the finance documents consisting of fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant finance documents) of such Representative and any receiver, attorney or agent appointed by it under the security documents or the HoldCo Intercreditor Agreement;

- *third*, in payment *pari passu* and pro rata of the balance of the costs and expenses of each Super Priority Creditor and each Senior Creditor in connection with the realization or Enforcement of Security or any Distressed Disposals made in accordance with the terms of the HoldCo Intercreditor Agreement or any action taken at the request of the Security Agent;

- *fourth*, in payment *pari passu* and pro rata to each Representative of the Super Priority Debt for application towards the balance of the Super Priority Debt;

- *fifth*, in payment *pari passu* and pro rata to each Representative of Senior Debt for application towards the balance of the Senior Debt; and

- *sixth*, in payment of the surplus (if any) to the Obligors or other person entitled to it.

Amendment

Prior consent of each Representative is required for any waivers, consents, or amendments in relation to any security documents if any such amendments, waivers or consents would adversely affect the nature or scope of the charged property or the manner in which the proceeds of Enforcement of Security or the Distressed Disposal proceeds are distributed.

The HoldCo Intercreditor Agreement may be amended by the Obligors and the Security Agent without consent of the other parties if the amendment is to cure defects, typographical errors, resolve ambiguities or reflect changes, in each case, of a minor technical or administrative nature. Where an amendment affects the rights and obligations of one or more parties to the HoldCo Intercreditor Agreement, and could not reasonably be expected to be adverse to the interests of other parties or class of parties in any material respect, only the parties affected by such amendment need to agree to the amendments. To the extent that an amendment to the HoldCo Intercreditor Agreement adversely affects the rights and obligations of a Hedging Bank, except as otherwise expressly provided in the HoldCo Intercreditor Agreement, the consent of such Hedging Bank will be required to agree to such amendment.

Other than in respect of certain customary amendments and waivers (which require the consent of each of the Senior Secured Creditors, the Security Agent and the Altice France HoldCo), the HoldCo Intercreditor Agreement may be amended or waived or any consent may be given under it with the written agreement of the Majority Super Priority Creditors, the Majority Senior Bank Creditors, the Majority Senior Notes Creditors the Altice France HoldCo and the Security Agent. If in relation to a request (i) for a consent in relation to any of the terms of this Agreement, (ii) to participate in any other vote under the terms of this Agreement, (ii) to approve any other action under this Agreement, or (iii) to provide any confirmation or notification under this Agreement, but in each such case, excluding any Enforcement Instructions, any Senior Secured Creditor or any Representative of a class of Senior Secured Creditors, as the case may be, fails to respond to that request within 10 business days of that request being made (or such longer period as notified by the Altice France HoldCo), the Senior Secured Debt of Senior Secured Creditor or that class of Senior Secured Creditors shall not be included for the purpose of calculating the relevant percentage of the Senior Secured Debt or class of the Senior Secured Debt that has been obtained to give that consent, carry that vote or approve that action.

Notwithstanding any other provision of the New HoldCo Intercreditor Agreement, if at any time an Obligor wishes to incur additional debt which is permitted or not prohibited by the New HoldCo Intercreditor Agreement and each other finance document in force at such time, to be incurred and to have the benefit of the New HoldCo Intercreditor Agreement (including, as applicable, to share in the Security and/or rank behind either or all of the liabilities owed by any Obligor under any finance document (the "**Existing Liabilities**") and/or to share in any Security behind such Existing Liabilities), the Altice France HoldCo and the Security Agent thereunder may enter into such amendments, changes and other modifications (including, but not limited to, providing for the accession of further creditors or their representatives under the HoldCo Intercreditor Agreement) to the HoldCo Intercreditor Agreement as may be necessary or appropriate to accommodate the terms of, and (if applicable) any guarantees and any security provided in respect of, any such additional debt so as to ensure that such additional debt may benefit from the New HoldCo Intercreditor Agreement. Such changes shall be binding on all parties to the HoldCo Intercreditor Agreement (without requiring the consent of any Representative or other party) provided that no additional obligations, other than those set forth in the HoldCo Intercreditor Agreement, may be imposed on any Representative without its consent. The Security Agent shall promptly provide a copy of any such amendments, changes or other modifications made to the HoldCo Intercreditor Agreement in accordance to each Representative.

Proposed Exchange Senior Notes and Proposed Holdco Exchange Notes

If the Proposed Exchange Offer is consummated, Ypso Finance Bis S.A will issue up to $1,600 million of dollar denominated $10^{1/2}$% senior notes due 2027 and up to €1,400 million of 8% senior notes due 2027 (collectively, the "**Proposed Exchange Senior Notes**"). The Proposed Exchange Senior Notes will mature on May 15, 2027. Interest on the Proposed Exchange Senior Notes is payable semi-annually in cash in arrears on each May 15 and November 15. If issued, the Proposed Exchange Senior Notes will be governed by an indenture entered into between, among others, Ypso Finance Bis S.A, as issuer and Deutsche Bank Trust Company Americas, as trustee, and will have other terms substantially consistent with the Senior Notes.

If the Automatic Exchange is consummated, the Altice France HoldCo will issue "**Proposed Holdco Exchange Notes**", in exchange for an equal aggregate principal amount of each series of the Proposed Exchange Senior Notes. The maturity, interest rate and payment dates of the Proposed Holdco Exchange Notes will be consistent with the Proposed Exchange Senior Notes. The remaining terms of such Proposed Holdco Exchange Notes will be substantially consistent with the terms of the HoldCo Senior Notes. See "*Description of HoldCo Senior Notes".*

Nothing in this Notice constitutes an offer of securities or solicitation to buy or exchange securities in connection with the Proposed Exchange Offer. Any existing or potential holders of the Existing 2027 Altice Lux Notes should not rely on any information contained in this Notice and should instead refer to the relevant offering memorandum distributed or to be distributed, as the case may be, in connection with the Proposed Exchange Offer.

GLOSSARY

"3D-TV" ..... Three dimensional television is a technology used to project a television program into a realistic three-dimensional field.

"3G/3G+" ..... See UMTS (3G) and HSDPA (3G+).

"4G" ..... The fourth generation of mobile phone technology standards, providing very-high-speed broadband access.

"5G New Radio" ..... A new air interface being developed for 5G mobile communications.

"ADSL" (Asymmetrical Digital Subscriber Line) ..... ADSL is the most commonly used variant of DSL; an internet access technology that allows voice and high-speed data to be sent simultaneously over copper telephone lines. Asymmetric Digital Subscriber Lines normally have three to four times more bandwidth available for purposes of data downloads as compared to data uploads.

"All-IP" ..... All services (internet, telecommunications and video) are carried through Internet Protocol by a federative IP backbone.

"Analog" ..... Comes from the word "analogous". In telephone transmission, the signal being transmitted (voice, video or image) is "analogous" to the original signal.

"ARCEP" ..... French telecommunications and posts regulator (*Autorité de régulation des communications électroniques et des postes*).

"Backbone" ..... The principal data routes between interconnected networks.

"Backbone network" ..... Fiber optic backbone transmission network for long distance and very high capacity.

"Backhauling" ..... Transporting data to the backbone network.

"Bandwidth" ..... The width of a communications channel.

"Bit" (Binary Digit) ..... Elementary information unit with binary coding (0 or 1) used by digital systems.

"Broadband" ..... A general term used to describe wide bandwidth equipment or systems. Broadband communications systems can deliver multiple channels and other services.

"Bulk subscriber" ..... Cable subscribers through a collective contract entered into between a cable operator and a property agent or housing association.

"Cable TV" ..... A broadband network employing radio frequency transmission over coaxial and/or fiber optic cable to transmit multiple channels carrying images, sound and data between a central facility and individual customers' television sets.

"Catch-Up Television" ..... A television service that allows viewing programs after their original broadcast.

"Centrex" ..... A private branch exchange-like service providing switching at a central office instead of at the customer's premises. The telecommunications provider owns and manages the communications equipment necessary to implement the Centrex service and sells services to the customer.

"Churn" ..... In the B2C market, the discontinuance of services to a customer either voluntarily or involuntarily. It is the percentage measure of the number of subscribers disconnected during a particular period (either at the subscriber's request or due to a termination of the subscription by the Group) divided by the number of subscribers at the beginning of the period, excluding transfers between the Group's products. This definition may be different for other companies, including SFR.

"Cloud computing" ..... Concept which allows the transfer on distant servers of storage and data processing traditionally held on local servers or the user's hardware.

"Coaxial Cable"..... Electrical cable with an inner conductor, surrounded by a tubular insulating layer.

"CPE" (Customer Premises Equipment) ..... Material set up at the customer's home which provides broadband services use such as voice ports, channel banks, set-top boxes, cable broadband routers or embedded Multimedia Terminal Adaptor.

"CRM" ..... Customer Relationship Management.

"Digital" ..... The use of a binary code to represent information in telecommunications recording and computing. Analog signals, such as voice or music, are encoded digitally by sampling the voice or music analog signals many times a second and assigning a number to each sample. Recording or transmitting information digitally has two major benefits: first, digital signals can be reproduced more precisely so digital transmission is "cleaner" than analog transmission and the electronic circuitry necessary to handle digital is becoming cheaper and more powerful; and second, digital signals require less transmission capacity than analog signals.

"DOCSIS 2.0"..... Data over cable service interface specification, a technology that enables the addition of high-speed data transfer over an existing cable television system.

"DOCSIS 3.0"..... Data over cable service interface specification, a technology that enables the addition of high-speed data transfer over an existing cable television system with enhanced transmission bandwidth and support for Internet Protocol version 6.

"DSL" (Digital Subscriber Line)..... DSL is generic name for a range of digital technologies relating to the transmission of internet and data signals from the telecommunications service provider's central office to the end customer's premises over the standard copper wire used for voice services.

"DTH" ..... Direct-to-home television.

“DTT” (Digital Terrestrial Television)..... A terrestrial broadcasting mode using digital technology, in which video and audio signals are digitized and organized within a single stream. They are then modulated and broadcast terrestrially (through airwaves). DTT provides a clearer picture and superior sound quality when compared to analog television, with less interference. DTT is an alternative to receiving broadcasts through cable and satellite operators.

“Dual-play” or “double-play”..... Broadband subscriber package including two services: internet access and IP telephony.

“Ethernet”..... Technology for local network connections with computers connected by a combination of network interface cards installed on each PC and by cables linking the workstations at a rate of 10 Mbps, 100 Mbps, 1 Gbps or 10 Gbps. In an Ethernet network, each workstation may initiate a transmission at any time.

“EuroDocsis 2.0” ..... International telecommunications standard that permits the addition of high-speed data transfer to an existing cable television system. EuroDocsis 2.0 broadband routers have the capacity to achieve download speeds of up to 30 Mbps with the use of one downstream port. EuroDocsis 2.0B (or “wide-band Docsis”) broadband routers have the capacity to achieve download speeds of up to 100 Mbps with the use of three downstream ports.

“EuroDocsis 3.0” ..... International telecommunications standard that permits the addition of high-speed data transfer to an existing cable television system. EuroDocsis 3.0 broadband routers have the capacity to achieve download speeds of up to 400Mbps with the use of eight downstream ports.

“Free-to-air” ..... Transmission of content for which television viewers are not required to pay a fee for receiving transmissions.

“FTTB” (Fiber-To-The-Building)..... Fiber optics to the entry point of a building.

“FTTH” (Fiber-To-The-Home)..... Connection by optical fiber directly to the subscriber’s home, ensuring very-high-speed transmission compatible with triple-play packages.

“FTTO” (Fiber-To-The-Office) ..... Fiber optic access dedicated to offices.

“FTTx”..... Fiber optic infrastructure.

“GB”(gigabyte)..... Gigabyte, commonly abbreviated as GB. See “MB”.

“Gbits/s”..... Billions of bits (10 power 9) transferred per second on a transmission network. See “—Bit”.

“GHz” (gigahertz) ..... One billion hertz (a unit of frequency).

“GPON” ..... Gigabit passive optical networks. A high-bandwidth optical fibre network using point-to-multipoint architecture.

“GSM” (Global System for Mobile Communications) ..... A comprehensive digital network for the operation of all aspects of a cellular telephone system.

"HD" (High Definition)..... A technology used notably in video, television and photography that has a resolution substantially higher than that of standard systems and is capable of producing an image characterized by fine detail, greater quality and better sound reproduction.

"HDTV" (High Definition Television)..... A type of television image transmission that uses HD resolution. HDTV has twice as many scan lines per frame as a standard definition television system, a sharper image, better sound reproduction and a wide-screen format.

"Head-ends"..... A collection of hardware, typically including a backbone router, satellite receivers, modulators and amplifiers which collects, processes and combines signals for distribution within the cable network.

"HFC" (Hybrid Fiber Coaxial)..... A technology developed by the cable TV industry to provide two-way high-speed data access to the home using a combination of fiber optics and traditional coaxial cable.

"High Speed Broadband Market" ..... Broadband with above 30 Mbps speed capability.

"Homes connected/passed"..... A home is deemed "connected" or "passed" if it can be connected to the distribution system without further extension of the network.

"HSDPA" (High Speed Downlink Package Access)..... Evolution of the third generation (3G) mobile telephony norm UMTS, also called 2.5G or 3G+. It offers, thanks to an upgraded software, performances tend times greater than 3G technology (UMTS). It supports high speeds in bundled form on the download side.

"HSPA" ..... High Speed Packet Access, a type of UMTS3G network that supports both mobile communications technology that provides enhanced download and upload speeds.

"HSPA+"..... Evolved High Speed Packet Access, an enhanced UMTS3G network that offers higher download and upload speeds than HSPA.

"HTML5" (HyperText Markup Language 5)" ..... The fifth and most recent revision of HTML, the standard programming language for structuring and presenting content on the internet.

"iDEN" ..... Integrated Digital Enhanced Network, a mobile telecommunications technology.

"INSEE"..... The national statistics bureau of France (*Institut national de la statistique et des études économiques*).

"internet" ..... A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks. These networks all use the IP (Internet Protocol) communications protocol.

"IoT" ..... Internet of Things. A network of physical objects that feature an IP address for internet connectivity, and the communication that occurs between such objects and other devices and systems.

"IP" (Internet Protocol)	Internet Protocol is used for communicating data across a packet switched network. It is used for transmitting data over the internet and other similar networks. The data are broken down into data packets, each data packet is assigned an individual address, and then the data packets are transmitted independently and finally reassembled at the destination.
"IP Centrex"	IP servers are located in the Group's data center and used by SMEs for VoIP.
"IPTV" (Internet Protocol Television)	The transmission of television content using IP over a network infrastructure, such as a broadband connection.
"ISP"	Internet Service Provider.
"IRU" (Indefeasible Right of Use)	Long-term contract ensuring the temporary ownership, over the term of the contract, of a portion of the capacities of a duct, a cable or a fiber.
"IT" (Information Technology)	A general term referring to the use of various software and hardware components when used in a business.
"LAN" (Local Area Network)	A network that interconnects computers in a limited area such as within a building.
"LAN to LAN"	Ethernet interconnection service between sites through a LAN connection at long distances.
"Local loop"	Section of the network connecting the operator's point of presence to individual subscriber households.
"LTE" (Long Term Evolution)	Name of a project aiming to produce technical specifications of future fourth generation (4G) mobile network norms. By extension, LTE designates fourth generation mobile systems, which arose out of this project.
"M2M"	Machine to machine.
"Mb" (megabyte)	Megabyte, commonly abbreviated as Mb, is a multiple of the unit byte for digital information storage or transmission, generally used to refer to for computer storage. A megabyte (Mb) is different from a megabit (Mbit): a byte is a unit of information which is defined as a multiple of a bit (one byte equals eight bits).
"Mbps"	Megabits per second; a unit of data transfer rate equal 1,000,000 bits per second. The bandwidths of broadband networks are often indicated in Mbps.
"Middleware"	Middleware is computer software that provides services to software applications beyond those available from the operating system.
"MHz"	Megahertz; a unit of frequency equal to one million Hertz.
"MMS" (Multimedia Message Service)	A system that enables cellular phones to send and receive pictures and sound clips as well as text messages between wireless devices.

"MNO" (Mobile Network Operator)	Access solution for multiple services (internet, television and VoIP) through a single broadband access point.
"Multi-play"	Access solution for multiple services (internet, television and VoIP) through a single broadband access point.
"MVNO" (Mobile Virtual Network Operator)	Mobile operators that use third party network infrastructures to provide their own mobile telephone services.
"NG-PON2"	Next Generation Passive Optical Network 2. A network standard for passive optical networks with enhanced bandwidth capabilities.
"OTT content" or "over-the-top content"	Broadband delivery of video and audio without the internet service provider being involved in the control or distribution of the content itself. It refers to content received from a third party and delivered to the end-user device with the internet provider being exclusively responsible for transporting IP packets.
"PacketCable"	A CableLabs-led initiative to develop interoperable interface specifications for delivering advanced, real-time multimedia services over two-way cable plant. PacketCable networks use internet protocol (IP) technology to enable a wide range of multimedia services, such as IP telephony, multimedia conferencing, interactive gaming and general multimedia applications.
"PON"	Passive optical network, a system that implements a point-to-multipoint architecture to bring optical fiber cabling and signals all or most of the way to the end user.
"Premium pay-TV"	Premium pay-TV includes high-value channels providing premium content and corresponds to CanalSat and Canal+ content. Other channels included in pay-TV are low-value and low-price channels.
"PVR"	Personal video recording.
"Quadruple-play"	Triple-play and mobile telephony.
"RGU" (Revenue Generating Unit)	Each subscriber receiving cable TV, broadband internet, fixed telephony or mobile telephony services over the Group's network. Thus, one subscriber who receives all of the Group's services would be counted as four RGUs.
"Router"	A device that provides access to the internet for multiple computers. It typically includes a network switch with several Ethernet ports for wired connections to desktop and laptop computers. The router also provides network address translation, which allows multiple users to reach the internet with one public IP address assigned by the cable or telephone company to the service.
"SAN" (Storage Area Network)	A high-speed special purpose network that interconnects data storage devices with associated data servers.
"SAN to SAN"	Interconnection service provided through a SAN connection.

"SD" (Standard Definition)	Television and video broadcasting standard, offering viewers an image with a resolution of 720 pixels (horizontal) by 576 pixels (vertical).
"SDH" (Synchronous Digital Hierarchy)	A standard technology for synchronous data transmission on optical media.
"Set-top box"	The electronics box which connects television to incoming digital video signal.
"Sites connected"	A corporate or public sector site is deemed "connected" if it is connected to the Group's network.
"Smart card"	A pocket sized card with embedded integrated circuits which, when used with a digital receiver, enables the Group's subscribers to decrypt and receive the Group's digital television service.
"SME" (Small and Medium-sized companies)	The computing market for companies with between 2 and 200 employees.
"SMS" (Short Message Service)	A system that allows mobile telephone users to send and receive text messages between wireless devices.
"Subscriber access nodes"	Points on the edge of the access network that concentrate individual access lines into a smaller number of feeder lines.
"Symmetric regulation"	Regulation applicable to all operators offering the same service, in contrast to asymmetric regulation, applicable only to operators recognized as having significant market power by a regulatory authority.
"TNT" (*Télévision Numérique Terrestre*) (Digital Terrestrial Television)	A land-based (terrestrial) broadcast television system.
"Triple-play"	Subscriber offering telephony, internet and cable TV services through one access channel.
"UMTS" (Universal Mobile Telecommunications System)	Third generation (3G) mobile telephony norm allowing a high speed communication (up to 2 Mbit/s, theoretically symmetrical).
"unbundling"	Procedure which allows other providers to use the passive infrastructures of the historical operator's proprietary local copper-wire loop in order to market their own services to end-users. In order to do this, B2B unbundling customers must install their own equipment at the historical operator's main distribution frames (subscriber access nodes). These wholesale services are regulated by ARCEP.
"unlimited"	With respect to quadruple-play packages, refers to unlimited calls within the limit of a fair usage, as is customarily applied in the French mobile market.
"VDSL" (Very-high-bit-rate Digital Subscriber Line)	A variant of DSL; an internet access technology that provides faster data transmission than ADSL over copper telephone lines, at speeds of up to 52 Mbps downstream and 16 Mbps upstream and up to 100 Mbps downstream in VDSL2.

"VGA"	Video graphics array; a computing standard that has a resolution of 640 x 480 pixels with colours or 320 x 200 pixels with 256 colours.
"VOD" (Video-On-Demand)	VOD is service that provides subscribers with enhanced playback functionality and gives them access to a broad array of on-demand programming.
"VoIP" (Voice over Internet Protocol)	The transportation of voice services using IP technologies.
"VPN" (Virtual Private Network)	A VPN extends a private network across a public network.
"White Label"	A production service produced by one entity, the producer, that another entity, the marketer, rebrands and distributes to make it appear as if it had made it.
"xDSL"	Asymmetrical DSL connection where the download speed (from the network to the client) is higher speed than the upload speed (from the client to the network).