Lucerne Capital Management, L.P.
Attn: Messrs. Pieter Taselaar and Thijs Hovers
73 Arch Street
Greenwich, CT 06830
United States of America

By e-mail to: PTaselaar@lucernecap.com and THovers@lucernecap.com

4 December 2020

Dear Messrs. Taselaar and Hovers,

We, the non-conflicted directors of the board of Altice Europe N.V. (the **Board** and **Altice**), refer to your letter addressed to us dated 29 November 2020. Our response is set out below.

Please let us start with expressing our regret that you do not support the public offer for the listed shares of Altice by Next Private B.V and related transactions (the **Transaction**), and that our earlier letter to you dated 15 October 2020 and all documents that have in the meantime been published have not been able to resolve or even mitigate your concerns.

The Transaction is in the interest of Altice and its stakeholders

The Board is of the opinion that the Transaction promotes the sustainable success of Altice's business and is in the interest of Altice and its stakeholders, including its shareholders, employees, customers, debt providers and suppliers. In this regard, we refer to the explanation of the strategic rationale of the Transaction as set out in the Position Statement of Altice (**PS**), more specifically in section 3.2 of the PS.

Proper decision-making process by the Board

We would also like to point out that the Board has not arrived at this view lightly. The decision-making process followed by the Board has been extensively described in the PS (section 3.1), both from a procedural and from a substantive point of view. The information is much more extensive than what is market practice for such documents in the Netherlands, and the Board has provided such transparency as it attaches great value to explaining how it arrived at its views and to informing especially the Shareholders (as defined in the PS) of the exact nature of the Transaction process.

The Board has made a comprehensive assessment of the Transaction and its structure, taking into account the interests of Altice and all its stakeholders, including the Shareholders, before reaching an agreement on the Transaction. In conducting this assessment, the independence of the deliberations and the decision-making process have been carefully safeguarded (see also below), and in doing so the Board retained reputable financial and legal advisors, and the non-executive members of the Board also retained their own independent and reputable financial and legal advisors.

The Fiduciary Out is a meaningful characteristic of the Transaction

We believe that you may not have properly appreciated the Fiduciary Out (as defined in the PS) which is part of the Transaction, especially where you claim that it does not offer any actual protection to the Shareholders as it "*transpires that the Board may not make any such Adverse Recommendation Change at all, except in extremely narrow circumstances.*" That is not correct. As set out in section 5.3(a) of the PS:

"The Board may not make any Adverse Recommendation Change, except that the Board may effect an Adverse Recommendation Change if any material event, material development, material circumstance or material change in circumstances or facts occurs or arises after the date of the Merger Agreement up until the implementation of the Post-Offer Restructuring, that causes the Board to determine in good faith (after consultation with its outside legal counsel and financial advisors and after consultation with the Offeror) that the failure to make an Adverse Recommendation Change would be inconsistent with the fiduciary duties of the Board Members under Dutch law."

The PS then continues to state, and thus makes explicit:

"This Fiduciary Out is tailor-made and negotiated by the Board in light of the particularities of this Transaction and is not limited to a superior strategic transaction as is customary in these cases in the Netherlands. Pursuant to the Fiduciary Out negotiated by the Board, it has a right to change its recommendation if material events or material circumstances after the date of the announcement of the Transaction would result in it being inconsistent with the fiduciary duties of the Board Members under Dutch law not to make an Adverse Recommendation Change. In its determination of whether or not it must effect a (permitted) Adverse Recommendation Change, the Board can take all relevant circumstances and developments into account at the time of making such decision, which may include (but is not necessarily limited to) the proceedings and outcome of the EGM, the acceptance of the Offer, the nature and behaviour of the tendering and non-tendering Shareholders and their relevant shareholding period, (potential) material adverse or material positive effects on Altice Europe and strategic

alternatives (such as an Alternative Proposal) for Altice Europe, deal certainty, and the consequences of the successful completion of the Transaction for Altice Europe, its business and its stakeholders versus the consequences of not completing the Transaction, and all other circumstances relating to and interests of Altice Europe, its business and the stakeholders."

This non-exhaustive list of potential circumstances that may cause the Board to invoke its Fiduciary Out demonstrates that the Board has ample opportunity to act and does not qualify as "extremely narrow":

"With this tailor-made Fiduciary Out, the Board has the ability to take due account of the interests of Altice Europe, its business and all stakeholders, including the Shareholders, in accordance with its fiduciary duties. If the Board determines to effect a permitted Adverse Recommendation Change, any obligations for Altice Europe set out in the Merger Agreement in relation to any Post-Offer Restructuring will no longer apply and no longer be enforceable by the Offeror. As set out in section 3.1 (Sequence of events), the Fiduciary Out, given its importance to the Board, was the subject of multiple discussions between the Board, the Offeror and their respective advisors."

It thus appears that you have an incorrect understanding of the nature of the Fiduciary Out and thus of the Transaction. The Board has specifically negotiated the Fiduciary Out for the protection of all stakeholders, including minority shareholders. We strongly recommend that you take into consideration the above, and the other information provided in the PS.

The Position Statement

The Board would like to point out that on 24 November 2020, a substantial number of documents have been made available, including the offer memorandum (**OM**), the PS of Altice, the fairness opinions issued by Lazard Frères SAS (**Lazard**) and LionTree Advisors UK LLP (**LionTree**), and the materials for the EGM (see below). The PS sets out extensively the Board's decision-making process, its considerations regarding and its assessment of the Transaction, including the fairness of the offer price, the post-offer restructurings and other material conditions and terms of the Transaction. As mentioned above, on several material points, the Board has provided more information than is customary for a transaction of this kind in the Netherlands, for example in relation to the financial assessment of the Transaction (section 4.2 of the PS) and the Board's decision making process (section 3 of the PS PS).

The EGM of 7 January 2021

Aside from the fact that there have been no "*concerns voiced by the overwhelming majority of the minority*" as you write in your letter, we note that during the extraordinary general meeting of Altice, which will be held on 7 January 2021 (**EGM**), the Board will provide information regarding the Transaction. Shareholders, including yourself, will be able to ask questions on matters related to the agenda of the EGM and can vote on the resolutions proposed by the Board in connection with the Transaction.

You have requested us to confirm that Mr. Drahi will not be exercising his voting rights during the EGM. In this regard, we refer you to the OM, where it is stated that the Offeror and Next Alt intend to vote their shares in favour of the resolutions at the EGM (see section 6.13 of the OM). This obviously does not prevent other shareholders, including yourselves, from voting their shares as they see fit. As mentioned above and in the PS, the proceedings and outcome of the EGM are one of the relevant factors the Board can take into account when considering the Fiduciary Out.

Fairness of the offer price and fairness opinions

In your letter you mention that the PS does not include an explanation of the fairness of the offer price and the post-offer restructurings. We kindly refer you to the information on both topics as included in sections 4 and 7 of the PS, as well as section 6 of the OM.

Moreover, you claim that Mr. Drahi indicated that Altice would be delivering "more than EUR 1 billion" in cash flow within two quarters. As you know well, as part of the investor call following the presentation of the first quarter results of 2020, this goal was clearly referred to on the call as a "*mid-term target*" to be achieved in "*3 years plus or minu*s." It was stressed, on multiple occasions, that realizing this goal would take time and could be expected only after multiple years had passed. The slide presentation itself explicitly stated this was a mid-term, full-year organic free cash flow target.

You voice criticism in respect of the fairness opinion issued by LionTree and the methodology underlying LionTree's fairness opinion. In this respect, please be advised as follows. You state, as if this were a matter of fact, that LionTree "*has in the past received large fees from Mr Drahi himself*". LionTree has confirmed never to have acted on behalf of Mr. Drahi, and LionTree has never received any fees from Mr. Drahi (nor from Altice) in the past. In relation to the transactions to which you refer in your letter (i.e. Sotheby's, Suddenlink Communications, and Cheddar), LionTree has solely been advising the *sell side*, not Altice nor Mr. Drahi. With regard to your remark that LionTree "*is apparently looking to do more work for Mr Drahi*", we note that LionTree advises on

many transactions in the Technology, Media and Telecom industry globally (which is one of the reasons LionTree was selected by the non-executive members of the Board), which may, in the future, include any participants in that industry, including Mr. Drahi and Altice. Your comment on LionTree's statement in its fairness opinion that it "*may seek in the future to provide […] services to the Company, the Acquiror […] and their respective affiliates*" is a standard provision customarily included in fairness opinions and we are not aware of any facts or circumstances that warrant that this provision is to be seen otherwise.

As regards your comments in relation to the compensation of LionTree with respect to the Transaction, we note that the terms of the engagement are fully in line with market practice. The engagement letter between the Board and LionTree expressly provides that LionTree's opinion fee is payable upon delivery of the fairness opinion, regardless of the conclusion reached therein and regardless of whether the Transaction will be executed. Certain other fees are contingent on and payable at closing of the Transaction, but those terms are, as said, fully consistent with market practice.

You have correctly noted that LionTree's fairness opinion "*does not constitute a recommendation to any stockholder*". This wording is correct and reflective of the fact that solely the non-executive members of the Board are LionTree's clients for this engagement, which is, again, fully consistent with market practice and the customary scope of such engagements. This equally applies to the indemnity obtained by LionTree, which is market standard for financial advisory mandates and consistent with the customary scope of these types of engagement.

You continue by stating that LionTree "*relied only on information provided by the Board*". This is incorrect. LionTree's analysis relied on publicly available information (which explains the – again: market practice – statement made in the fairness opinion that the opinion necessarily reflects information on Altice as of 10 September 2020, the date of the opinion). The forecasts used were based on a comprehensive set of publicly available broker consensus projections which were – in line with market practice – discussed and confirmed with the Altice management. Net debt and other adjustment items were also based on public information as well as on information received from the company. Again, this is consistent with market practice.

Regarding your comments and questions in relation to the legal dispute between SFR and Orange, we note that, as per the Board's guidance, LionTree's analysis did not incorporate any potential value given the uncertainty of the outcome of this legal dispute (which was initiated by SFR in 2010), actual recovery, and the long period of time which any recovery, even if successful, would require.

Lastly, with regard to the provision of information to LionTree (and Lazard), the Board can indeed confirm that Messrs Drahi, Okhuijsen and Weill were not involved in this process. For completeness' sake, please note that Mr. Goei is not involved with the company anymore: he occupied the position of President until 8 June 2018 and stepped down as executive board member on 31 October 2018.

We hope that the above alleviates your concerns in relation to the fairness opinion of LionTree.

Corporate governance

In your letter you state your concerns about the position of minority shareholders, the role of Mr. Drahi, and the independence of the Board. In this regard, we note the following.

It is indeed correct that ever since the inception of Altice, Mr. Drahi has been able to exercise significant control over the company, which was known from the outset for all shareholders participating in Altice's initial public offering or buying shares thereafter. The position of Mr. Drahi is a matter of fact, also for the Board. This also explains why the Board has taken measures when assessing the Transaction as set out in section 3.1 of the PS:

*"At the outset, it was considered whether any of the members of the Full Board had a direct or indirect conflict of interest or was related to Next Alt or any of its affiliates. Mr. Drahi, A4 S.A. and Mr. Weill (the "**Conflicted Executive Directors**"), each an Executive Director, were determined to have a conflict of interest within the meaning of article 2:129(6) DCC in respect of the Transaction. Consequently, the Conflicted Executive Directors (and for the avoidance of doubt, A4 S.A.'s permanent representative, Mr. Okhuijsen) have not participated in the deliberations or decision-making process in respect of the Transaction."*

Mr. Drahi's influence does not in any way prevent the Board from using its powers to properly take into account the interests of the company and all its stakeholders, including the Shareholders. That is exactly what the Board has done in the decision-making process concerning the Transaction and the structure thereof, and that is what the Board will continue to do, for instance in relation to the Fiduciary Out.

It is also clear from the past that the Board, more specifically the non-executive directors of Altice, act independently. Your letter in fact contains an example, where you refer to

the grant of the 2018 FPPS to Mr. Weill. Whilst this resolution was indeed adopted by the General Meeting, the non-executive directors in office at the time all voted against the proposal, demonstrating their independence of position and mind.

In relation to the alleged "*corporate governance incidents*", we note that these are economically sensible transactions which were concluded at arm's length. By way of example, the optically large increase in leasing obligations from EUR 0 in 2018 to EUR 449 million in 2019 is caused by changes in accounting standards. Until 2018, Altice applied IAS 17 *Leases*. As from 1 January 2019, Altice applies IFRS 16 *Leases*, which superseded IAS 17, with the consequence that the net present value of future lease obligations has to be recognized on the balance sheet. Altice entered into these lease agreements for businesses purposes. The building involved was intended to become the group's new French head office, bringing together in one place all Media and Telecom teams, which were spread over separate sites. The lease agreements themselves are fair from an economic point of view, as is confirmed by a valuation report prepared by an independent expert. The option grant involving 30 million shares replaced a pre-existing brand license and services fee-arrangement. In 2016, Altice paid Mr. Drahi EUR 41.3 million pursuant to such pre-existing arrangement. In 2017, stock compensation for Mr. Drahi's stock option grant had a non-cash compensation expense of EUR 13.4 million. Therefore, the stock option grant actually reduced the fee structure considerably. Moreover, 20 million of the stock options granted will only vest if the share price doubles or triples by a certain date compared to the adjusted exercise price (as described in more detail in section 6.7.1 of Altice's annual report 2019). As such, the interests of Mr. Drahi and the interests of (other) shareholders are well-aligned. The sale of 51% of Groupe L'Express to News Participations in fact relieved Altice from a magazine and newspaper subsidiary which had been making losses. Whereas the sale of 51% of Groupe L'Express was indeed treated as a key audit matter, this did not result in any material findings. Indeed, the fairness of the sale of 51% of Groupe L'Express had been confirmed by an independent expert.

Again, we hope that the above information eases your concerns.

Your letter of 1 October 2020

Finally, in your letter, you complain that we did not properly respond to your previous letter, dated 1 October 2020. We reiterate that the PS, as well as the OM, and all other documents that were published on 24 November 2020, provide a wealth of information, some of which is mentioned above, but also that these documents were still being drafted when you wrote to us earlier. Dutch laws and regulations in respect of public offers prevented Altice from publishing the OM, and thus the PS, prior to having obtained

approval from the Netherlands Authority for the Financial Markets. As a consequence, we were not in the position to provide you with a more detailed response to your letter of 1 October 2020, as we informed you in our response to you on 15 October 2020. Also, we could obviously not anticipate the finalization and publication of these documents, nor were we in a position to provide you with relevant information that would not at that moment also be provided to all other shareholders and the market at large.

You have requested us to provide you with answers to some of the questions included in your previous letter, dated 1 October 2020 that you feel we left unanswered. Please find, in addition to the above contents of this letter, some further responses below.

In reaching the conclusion that the Offer is fair to all stakeholders, the Board did take into account Altice's future free cash flow guidance. The same goes for the fairness opinions of Lazard and LionTree, since such guidance would be reflected in the publicly available broker consensus projections used for these analyses.

In accordance with market practice, the Merger Agreement is not published. However, all of the relevant provisions contained therein have been substantively disclosed in the PS and the OM.

Lastly, you have asked us for a copy of our response to questions posed by Sessa Capital IM, L.P. in their letter dated 1 November 2020. We do not consider it appropriate for us to be sharing our response to Sessa Capital's private letter to the company.

We sincerely hope that, with the above and all the information that has been made available on 24 November 2020, we have been able to properly explain the Transaction, and what it entails for the Shareholders. That being said, we would like to invite you for a call with the undersigned, together with another independent non-executive director, early next week as you suggested in your letter, in order to further discuss any of Lucerne's remaining concerns and questions, and, where needed, to further guide you through the published documentation and its content.

We trust to have sufficiently informed you.

Yours sincerely,

Jurgen van Breukelen

Chairman of the Board of Altice Europe N.V.

Altice Europe N.V.
Oostdam 1
3441 EM Woerden
The Netherlands
Trade Register Number
63329743