

---

**SPECIAL BOARD REPORT ON THE JOINT CROSS-BORDER MERGER PROPOSAL DATED 26  
June 2015 BETWEEN ALTICE S.A. AND NEW ATHENA B.V.**

**NOT TO BE FORWARDED TO ANY PERSON OR ADDRESS IN THE UNITED STATES OF  
AMERICA**

---

The board of directors of:

**Altice S.A.**, a public limited liability company (*société anonyme*) governed by the laws of the Grand Duchy of Luxembourg, with its registered office at 3, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, registered with the Register of Commerce and Companies of Luxembourg under number B 183.391 (the **Company**),

has drafted the following detailed written report (the **Special Board Report**) in accordance with article 265 of the Luxembourg law of 10 August 1915 on commercial companies, as amended (the **Luxembourg Law**).

The Company's board of directors proposes to carry out a cross-border merger by absorption that will entail the transfer by operation of law of all of the Company's assets and liabilities to New Athena B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law, having its official seat in Amsterdam, the Netherlands, registered with the Dutch trade register under number 63329743 (the **Acquiring Company**) which will be converted into a Dutch law governed public company (*naamloze vennootschap*) in relation with the Merger (as defined below).

The Company and the Acquiring Company are together referred to as the **Merging Companies**.

## **1 Background and reasons for the Merger**

The boards of the Merging Companies propose to effect a cross-border merger within the meaning of the Directive 2005/56/EC of the European Parliament and of the Council of the European Union of 26 October 2005 on cross-border mergers of limited liability companies (the **Directive**) and the relevant local laws applicable to the Merging Companies as a result of which the Company will cease to exist and the Acquiring Company will acquire all of the assets and liabilities of the Company under a universal title of succession (the **Merger**).

Pursuant to article 271 of the Luxembourg Law, the Merger shall first be approved during an extraordinary general meeting of shareholders of the Company, to be executed in front of a Luxembourg notary public, at least one month after the filing and subsequent publication of a Merger proposal as jointly drawn up by the boards of the Merging Companies in the *Mémorial C, Recueil des Sociétés et des Associations*. Thereafter, the Luxembourg notary public will issue a pre-merger certificate, attesting that all legal acts

and formalities necessary to implement the Merger under Luxembourg Law have been complied with.

The Merger will then be resolved upon by the general meeting of shareholders of the Acquiring Company and, in accordance with Section 2:318 of the Dutch Civil Code , will be carried out by execution of a deed of merger before a civil law notary officiating in the Netherlands (the **Closing Date**) and the Merger will become effective on the day following the Closing Date (the **Merger Effective Date**).

The ordinary shares of the Company are currently listed on Euronext Amsterdam, the Netherlands.

The reason for the Merger is to, following the conversion of the Acquiring Company from a private company with limited liability into a public company limited by shares, list the shares of a Dutch law governed public company (*naamloze vennootschap*) on Euronext Amsterdam instead of the shares of a Luxembourg law governed public limited liability company (*société anonyme*). Delivery of the shares allotted in connection with the Merger is expected to take place within three trading days following the Merger Effective Date.

The boards of the Merging Companies wish to achieve the aforementioned by taking the following steps:

- (a) the Company will transfer all of its assets and liabilities except for the Non Transferred Assets and Liabilities (as defined below) to its wholly-owned subsidiary New LuxCo in accordance with article 308bis-2 and articles 285 to 308 (save article 303) of the Luxembourg Law prior to the Merger Effective Date (the **Transfer**), as a result of which the only asset of the Company will be the participation in New LuxCo issued pursuant to the Transfer and the following assets and liabilities, which shall not be transferred to New LuxCo as a result of the Transfer (the **Non Transferred Assets and Liabilities**):
  - i. the shares of New LuxCo already held by the Company before the Transfer and having a value of EUR 31,000;
  - ii. all the furniture (including, but not limited to, all computer hardware and software) located at the registered office of the Company (the **Furniture**);
  - iii. advances to tax authorities for an amount of EUR 3,210;
  - iv. six employees being Emilie Schmitz, Davina Piret, Lise Duhamel, Marie-José Bertolone, Navin Yerkiah and Laurent Godineau;
  - v. the contingent liabilities and obligations of the Company under the contribution agreement dated 30 January 2014 between, OTR S.à r.l. and fifteen physical persons as contributors and the Company as beneficiary;

- vi. amounts due to social tax authorities in relation with employees and amounts due in relation to engagement with suppliers for a total amount of EUR 61,602; and
  - vii. the following agreements:
    - 1. Framework agreement for long-term rental of tourism vehicles, mixed-use vehicles and light commercial vehicles, entered into by and between Arval Luxembourg S.A. and the Company, dated 1 October 2014;
    - 2. Dussmann Services S.à r.l.'s quote and preliminary proposal No. D 28894/14 for the biweekly maintenance of the Altice S.A. offices, dated 1 October 2014;
    - 3. Pro Reebou insurance quote sent by Foyer Assurances S.A. to the Company, dated 21 January 2014;
    - 4. Reebou Pro particular risk conditions sent by Foyer Assurances S.A. to the Company, dated 22 October 2014;
    - 5. Electricity supply agreement entered into by and between Leo S.A. and the Company, dated 17 February 2014;
    - 6. Rental lease agreement entered into by and between Mrs Mignon and the Company, dated 3 January 2014;
    - 7. Warranty and services agreement entered into by and between Sodexo Pass S.A. and the Company, dated 29 September 2014;
    - 8. Internet connection agreement LuxFibre entered into by and between Post Telecom and the Company, dated 15 January 2015;
    - 9. Subscription agreement for the BOB 50 products entered into by and between IBLux Informatique (IBGraf) and the Company, dated 21 May 2015;
    - 10. Offer related to the IT configuration conducted by IBLux Informatique S.A. to the Company, dated 21 May 2015;
    - 11. Tango assignment agreement of subscription by Altice International S.à r.l. to the Company, dated 30 November 2014; and
    - 12. KBC individual lease agreement 703855 entered into by and between KBC Lease Luxembourg and the Company, dated 6 March 2015;
- (b) the articles of association of the Acquiring Company will be amended in connection with the Merger (ultimately) as per the Merger Effective Date, upon which *inter alia* the Acquiring Company will be converted into a public company (*naamloze vennootschap*) under Dutch law pursuant to which (i) the Acquiring Company will have an issued capital of at least EUR 45,000, (ii) the Acquiring Company's share capital will be divided in separate classes of shares and (iii) the Acquiring Company's name will be changed into Altice N.V.; and
- (c) on the first trading day following the Merger Effective Date, the common shares in the capital of the Acquiring Company will be admitted to listing and trading on Euronext Amsterdam.

## **2 Expected consequences for the activities**

The activities of the Company will be continued by the Acquiring Company in all material respects, as currently contemplated by the Company ceasing to exist.

## **3 Explanation from a legal and economic perspective**

### Legal

As a result of the Merger, the Company will cease to exist and its assets and liabilities will be acquired by the Acquiring Company under a universal title of succession. The Company's shareholders will become shareholders of the Acquiring Company in accordance with the Exchange Rate (as defined under Section 5 below).

The common shares in the capital of the Acquiring Company to be allotted in connection with the Merger will be in the form of registered shares and are expected to be delivered to the beneficiaries through the relevant clearing system within three trading days following the Merger Effective Date.

As there are no persons who, in any other capacity than as shareholder of the Company, will have rights against the Company on the Merger Effective Date, no special rights nor compensations will be granted at the expense of the Acquiring Company to anyone.

### Economic

From an economic point of view the Merger is expected to improve the efficiency and to result in cost reductions due to the listing of the shares of a Dutch law governed public company on Euronext Amsterdam instead of the listing of the shares of a Luxembourg law governed public limited liability company.

### Social

The Acquiring Company does currently not have any employees.

From a social and human resources perspective, the boards of the Merging Companies notes that upon completion of the Merger, the Acquiring Company, which currently has no employees, will be automatically transferred the six (6) employees working for the Company as at the Merger Effective Date. The employees' work and working conditions will not be impacted by the Merger.

The Company and the Acquiring Company will inform the employees individually of the Merger and any effects on employment, by way of a written notification, a copy of which will be sent to the ITM (Inspection du Travail et des Mines).

The employees have given their express consent to the transfer of their employment contracts to the Acquiring Company.

## **4 Consequences of the Merger for the shareholders, bondholders, creditors and employees**

The Company's shareholders become shareholders of the Acquiring Company.

As the Merger implies the transfer of all of the assets and liabilities of the Company to the Acquiring Company, the Company's creditors become creditors of the Acquiring Company. For any claims predating the date of publication of the notarial deed of the shareholders' meetings recording the Merger, the creditors of the Company may however, within two months following this publication, ask the judge (presiding the chamber of the *Tribunal d'Arrondissement* dealing with commercial matters for the district where the Company has its registered office) for a summary judgment requiring the establishment of guarantees for any matured or unmatured debts, provided that they can credibly prove that the Merger constitutes a risk for the exercise of their rights, and that the Company has not provided them with sufficient guarantees.

The Acquiring Company does currently not have any employees and the Company will, on the Merger Effective Date, have six (6) employees. However, the employees' work and working conditions will not be impacted by the Merger. Therefore, the Merger is not expected to have any material effect on the employees and employment of the Company.

The Company will not have any bondholders on the Merger Effective Date.

**5 Method for determination of the Exchange Rate and special valuation difficulties, if any**

Method pursuant to which the Exchange Rate (as defined below) has been established

The share capital of the Company is set at EUR 2,479,501.86 represented by 247,950,186 ordinary shares having a par value of EUR 0.01.

The Acquiring Company has been incorporated with an issued capital of one eurocent by an orphan foundation under Dutch law: Stichting New Athena. Prior to the Merger Effective Date the equity of the Acquiring Company will be increased to at least EUR 45,000, which capital increase will be indirectly funded through Stichting New Athena by the Company, under the obligation for Stichting New Athena to cooperate upon or immediately after the Merger Effective Date with the repurchase for no consideration of the share(s) in the Acquiring Company held by Stichting New Athena (the **Funding**).

For each issued and outstanding share in the capital of the Company held by a shareholder of the Company on the Merger Effective Date, the applicable shareholder of the Company will acquire (i) three (3) common shares A in the capital of the Acquiring Company, with a nominal value of one eurocent each, and (ii) one (1) common share B in the capital of the Acquiring Company, with a nominal value of twenty-five euro cent (the **Exchange Rate**).

No other (cash) payments shall be made pursuant to the Exchange Rate in connection with the Merger.

As a result of the Merger, all assets and liabilities of the Company will be transferred under universal title of succession to the Acquiring Company. As the value of the Acquiring Company immediately after the Merger will equal the value of the Company immediately prior to the Merger (taking into account the Funding), each shareholder of the Company will pro rata be entitled to shares in the Acquiring Company pursuant to the Exchange

Rate, as a result whereof the relative profit rights and the relative voting rights of the shareholders of the Company will remain unchanged after the Merger has become effective, albeit that (i) the Acquiring Company may issue preference shares in its capital effective as of or after the Merger Effective Date pursuant to a new warrant plan, new stock option plan and/or a share plan, and (ii) shareholders of the Company may elect to swap with Next Alt S.à r.l., a private limited liability company (*société à responsabilité limitée*) governed by Luxembourg law, having its registered office at 3, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg Register of Commerce and Companies under number B 194.978, the common shares B received by that shareholder pursuant to the Merger in accordance with the Exchange Rate for a same number of common shares A.

The general meeting of shareholders of the Company approved a EUR 1 billion share buy-back program in relation to the shares in the Company for a three-year duration commencing at 1 June 2015 (the **Program**). None of the shares in the Company have been, or will be, bought back, held in treasury and/or cancelled under the Program as at the date of the approval of this proposal by the respective boards of the Merging Companies and/or the date of publication of this proposal in the Luxembourg official gazette, the *Mémorial C, Recueil des Sociétés et des Associations*.

#### Applicability of the method applied to determine the Exchange Rate

In the light of the Exchange Rate as described above under this Section 5 above, and taking into account the objective of the valuation analysis, the board of directors of the Company considers the method applied as set out under Section 5 to be appropriate for the Merger.

#### The method to determine the Exchange Rate has led to the following valuations

When valuing the assets and liabilities of the Acquiring Company and the Company at cost pursuant to the interim financial statements of the Acquiring Company as per 20 May 2015 and the stand alone interim financial statements of the Company as per 31 March 2015, the Acquiring Company and the Company are valued at respectively EUR 0.01 as of 20 May 2015 and EUR 6,534,141,526.52 as of 31 March 2015.

#### The difficulties that have arisen with regard to the valuation and determination of the Exchange Rate

No particular difficulties have arisen as a result of the valuation method used or as a result of the determination of the Exchange Rate.

## **6 Auditor Report**


KPMG Luxembourg, a cooperative company (*société coopérative*) governed by the laws of the Grand Duchy of Luxembourg, having its registered office at 39, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 149.133 has been appointed to prepare a report in connection with the Merger.

This document may not be forwarded to any person or address in the United States of America. Failure to comply with this directive may result in a violation of the Securities Act of 1933 or the applicable laws of other jurisdictions.

This document is not intended to constitute an offer or sale to persons in the United States of America within the meaning of the U.S. Securities Act of 1933, as amended (the "Securities Act"). The shares referred to in this document have not been, and are not presently intended to be, registered under the Securities Act.

***[Remainder of page intentionally left blank]***

**Signature page of the board report in relation to the cross-border merger duly executed by all the directors of Altice S.A.**



Name: Jérémie BONNIN  
Title: Director



Name: Dennis OKHUIJSEN  
Title: Director

---

Name: Scott MATLOCK  
Title: Director

---

Name: Dexter GOEI  
Title: Director

---

Name: Patrick DRAHI  
Title: Director and chairman

---

Name: Jean-Luc ALLAVENA  
Title: Director



**Signature page of the board report in relation to the cross-border merger duly executed by all the directors of Altice S.A.**

---

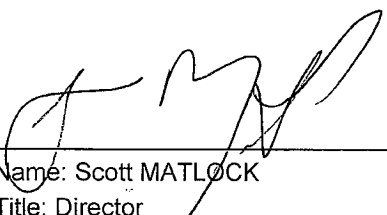
Name: Jérémie BONNIN

Title: Director

---

Name: Dennis OKHUIJSEN

Title: Director



---

Name: Scott MATLOCK

Title: Director

---

Name: Dexter GOEI

Title: Director

---

Name: Patrick DRAHI

Title: Director and chairman

---

Name: Jean-Luc ALLAVENA

Title: Director

**Signature page of the board report in relation to the cross-border merger duly executed by all the directors of Altice S.A.**

---

Name: Jérémie BONNIN

Title: Director

---

Name: Dennis OKHUIJSEN

Title: Director

---

Name: Scott MATLOCK

Title: Director

---



Name: Dexter GOEI

Title: Director

---

Name: Patrick DRAHI

Title: Director and chairman

---

Name: Jean-Luc ALLAVENA

Title: Director

**Signature page of the board report in relation to the cross-border merger duly executed by all the directors of Altice S.A.**

---

Name: Jérémie BONNIN  
Title: Director

---

Name: Dennis OKHUIJSEN  
Title: Director

---

Name: Scott MATLOCK  
Title: Director

---

Name: Dexter GOEI  
Title: Director



---

Name: Patrick DRAHI  
Title: Director and chairman

---

Name: Jean-Luc ALLAVENA  
Title: Director

**Signature page of the board report in relation to the cross-border merger duly executed by all the directors of Altice S.A.**

---

Name: Jérémie BONNIN  
Title: Director

---

Name: Dennis OKHUIJSEN  
Title: Director

---

Name: Scott MATLOCK  
Title: Director

---

Name: Dexter GOEI  
Title: Director

A handwritten signature in black ink, appearing to read 'Jean-Luc Allavena', written over a horizontal line.

---

Name: Patrick DRAHI  
Title: Director and chairman

---

Name: Jean-Luc ALLAVENA  
Title: Director