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**EXPLANATORY NOTES TO THE**

**MERGER PROPOSAL**

DATED 26 JUNE 2015

of the board of

**NEW ATHENA B.V.**

in the framework of the merger between

New Athena B.V.

*(as acquiring company)*

and

Altice S.A.

*(as company ceasing to exist)*

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Explanatory notes to the merger proposal (**Merger Proposal**) with respect to the contemplated merger between:

- (A) **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 (**Acquiring Company**); and
- (B) **Altice S.A.**, a public limited liability company (*société anonyme*) governed by Luxembourg law, having its official seat in Luxembourg, Grand Duchy of Luxembourg, having its registered office at 3, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés*) under number B 183391 (**Company Ceasing to Exist** and together with the Acquiring Company, **Merging Companies**),

prepared by the board of the Acquiring Company.

## 1 Reasons for the Merger

- 1.1 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 (**Directive**) and the relevant local laws applicable to the Merging Companies as a result of which the Company Ceasing to Exist will cease to exist and the Acquiring Company will acquire the assets and liabilities of the Company Ceasing to Exist under a universal title of succession (**Merger**).
- 1.2 Pursuant to article 271 of the Luxembourg law of 10 August 1915 on commercial companies, as amended (**Luxembourg Law**), the Merger shall first be approved during an extraordinary general meeting of shareholders of the Company Ceasing to Exist, to be executed in front of a Luxembourg notary public, at least one month after the filing and subsequent publication of the Merger Proposal 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.
- 1.3 The Merger will 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 (**DCC**), will be carried out by execution of a deed of merger before a civil law notary officiating in the Netherlands (**Closing Date**) and the Merger will become effective on the day following the Closing Date (**Merger Effective Date**).
- 1.4 The ordinary shares of the Company Ceasing to Exist are currently listed on Euronext Amsterdam, the Netherlands. The reason for the Merger is to 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.

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

- (a) the Company Ceasing to Exist will transfer all its assets and liabilities except for the Non Transferred Assets and Liabilities (as defined below) to its wholly-owned subsidiary Altice Luxembourg S.A., a public limited liability company (*société anonyme*) governed by Luxembourg law, having its official seat in Luxembourg, Grand Duchy of Luxembourg, having its registered office at 3, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under number B 197134 (**New LuxCo**), under a universal title of succession in accordance with article 308 bis-2 and the articles 285 to 308 (save article 303) of the Luxembourg Law prior to the Merger Effective Date (**Transfer**) as a result of which the only asset of the Company Ceasing to Exist 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 (**Non Transferred Assets and Liabilities**):
- (i) the shares of New LuxCo already held by the Company Ceasing to Exist 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 Ceasing to Exist;
  - (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 Yeremiah and Laurent Godineau;
  - (v) the contingent liabilities and obligations of the Company Ceasing to Exist under the contribution agreement dated 30 January 2014 between, OTR S.à r.l. and fifteen physical persons as contributors and the Company Ceasing to Exist 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 Altice S.A. commercial vehicles, entered into by and between Arval Luxembourg S.A. and the Company Ceasing to Exist, 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 Ceasing to Exist, dated 21 January 2014;

- 4 Reebou Pro particular risk conditions sent by Foyer Assurances S.A. to the Company Ceasing to Exist, dated 22 October 2014;
- 5 Electricity supply agreement entered into by and between Leo S.A. and the Company Ceasing to Exist, dated 17 February 2014;
- 6 Rental lease agreement entered into by and between Mrs Mignon and the Company Ceasing to Exist, dated 3 January 2014;
- 7 Warranty and services agreement entered into by and between Sodexo Pass S.A. and the Company Ceasing to Exist, dated 29 September 2014;
- 8 Internet connection agreement LuxFibre entered into by and between Post Telecom and the Company Ceasing to Exist, dated 15 January 2015;
- 9 Subscription agreement for the BOB 50 products entered into by and between IBLux Informatique (IBGraf) and the Company Ceasing to Exist, dated 21 May 2015;
- 10 Offer related to the IT configuration conducted by IBLux Informatique S.A. to the Company Ceasing to Exist, dated 21 May 2015;
- 11 Tango assignment agreement of subscription by Altice International S.à r.l. to the Company Ceasing to Exist, dated 30 November 2014; and
- 12 KBC individual lease agreement 703855 entered into by and between KBC Lease Luxembourg and the Company Ceasing to Exist, 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**

None, the activities of the Company Ceasing to Exist will be continued in the same way by the Acquiring Company, as currently contemplated by the Company Ceasing to Exist.

## **3 Explanation from a legal, economic and social point of view**

### **3.1 Legal**

On the Merger Effective Date Company Ceasing to Exist will cease to exist and its assets and liabilities will transfer to the Acquiring Company under a universal title of succession.

The shareholders of the Company Ceasing to Exist will become shareholder of the Acquiring Company in accordance with the Exchange Rate (as defined in paragraph 4.1). 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 Ceasing to Exist, will have rights against the Company Ceasing to Exist on the Merger Effective Date, no special rights nor compensations will be granted at the expense of the Acquiring Company to anyone.

### 3.2 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.

### 3.3 Social

From a social and human resources perspective, the boards of the Merging Companies note that upon completion of the Merger, the Acquiring Company, which currently has no employees, will acquire under universal title of succession the six (6) employees working for the Company on 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.

Neither the Acquiring Company nor the Company Ceasing to Exist applies an employee participation system within the meaning of the Directive.

## 4 Method(s) for determination of Exchange Rate

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

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 Ceasing to Exist, 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 (**Funding**).

For each issued and outstanding share in the capital of the Company Ceasing to Exist held by a shareholder of the Company Ceasing to Exist on the Merger Effective Date, the applicable shareholder of the Company Ceasing to Exist 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 eurocent (**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 Ceasing to Exist will be transferred under universal title of succession (*onder algemene titel*) to the Acquiring Company. As the value of the Acquiring Company immediately after the Merger equals the value of the Company Ceasing to Exist immediately prior to the Merger (taking into account the Funding), each shareholder of the Company Ceasing to Exist 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 Ceasing to Exist 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, stock option plan and/or share plan and (ii) shareholders of the Company Ceasing to Exist 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 trade and companies register under number B 194978, the common B shares received by that shareholder pursuant to the Merger in accordance with the Exchange Rate for a same number of common shares A.

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

In the light of the Exchange Rate as described in paragraph 4.1, and taking into account the objective of the valuation analysis, the board of the Acquiring Company considers the method applied as set out under paragraph 4.1 to be appropriate for the Merger.

#### 4.3 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 Ceasing to Exist at their net asset value and any other valuation method applied to those assets and liabilities in the interim financial statements of the Acquiring Company as per 20 May 2015 and the interim financial statements of the Company Ceasing to Exist as per 31 March 2015, the Acquiring Company and the Company Ceasing to Exist are valued at respectively EUR 0.01 as of 20 May 2015 and EUR 6,534,141,526.52 as of 31 March 2015.

#### 4.4 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.

**5 Auditor Report**

Auren Audit & Assurance Amsterdam B.V. has prepared a report to these explanatory notes to the Merger Proposal in accordance with Section 2:328 (2) DCC. A copy of this report is attached to these explanatory notes.

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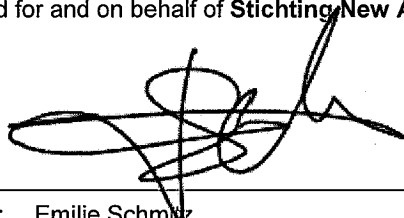
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*(signature page to follow)*

**SIGNATURE PAGE EXPLANATORY NOTES TO CROSS-BORDER MERGER PROPOSAL**

Signed by the sole director of New Athena B.V.

Signed for and on behalf of **Stichting New Athena** by,

A handwritten signature in black ink, appearing to be 'Emilie Schmitz', written over a horizontal line.

Name: Emilie Schmitz