

Altice N.V.

Remuneration Report 2017



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The Netherlands

REMUNERATION REPORT 2017 – ALTICE N.V.

(for the financial year ended December 31, 2017)

This report gives an overview of the remuneration of the Board and explains how the remuneration policy was applied in 2017. Such report is also made available on the Company's website.

The Remuneration Committee was appointed to advise the Board and to prepare the decision-making regarding the determination of the remuneration of Board Members. The Remuneration Committee has the following duties:

- making proposals to the Board for the remuneration policy to be pursued;
- making proposals for the remuneration of the individual Board Members, for adoption by the General Meeting, which proposals must be drawn up in accordance with the Remuneration Policy and, in any event, cover:
 - the remuneration structure;
 - the amount of the fixed remuneration and variable remuneration components;
 - the scenario analyses that are carried out, if any; and
 - the pay ratios within the Company and its business;
- preparing the remuneration report.

In exercising its duties, the Remuneration Committee may request the services of a remuneration consultant.

1. Composition, number of meetings and main items discussed

The Remuneration Committee consists of at least two and no more than three Non-Executive Board Members. The Remuneration Committee is chaired by an independent Non-Executive Board Member designated by the Board. The members of the Remuneration Committee have the requisite remuneration policy expertise to effectively fulfil the Remuneration Committee's role. The Board appoints and may at any time dismiss members of the Remuneration Committee.

On December 31, 2017, the Remuneration Committee consisted of three Board Members: Mr. Jean-Luc Allavena, Mr. Jurgen van Breukelen and Mr. Scott Matlock, with Mr. Scott Matlock acting as the Chairman.

The Remuneration Committee meets as often as is deemed necessary, but is required to meet at least once a year or at the request of one or more of its members. The Remuneration Committee held 12 meetings in 2017 and reviewed, among others, the following matters:

- the implementation of the Remuneration Policy over the last few years;
- the amendment of the Remuneration Policy;
- the amendment of the SOP;
- the adoption of the PSOP;
- the adoption of the 2017 SOP and the 2017 LTIP;
- the granting of stock options under the Stock Option Plans;
- the amendment of the remuneration of Mr. Goei, Mr. Combes and Mr Okhuijsen;
- the determination of the annual cash bonus of the Executive Board Members for the financial year 2016;
- the determination of the remuneration of the Non-Executive Board Members; and
- the determination of the severance package for Mr. Combes as former CEO.

The following table shows the attendance at meetings of the Remuneration Committee.

Date	Jurgen van Breukelen	Scott Matlock	Jean-Luc Allavena
February 23, 2017	Present	Present	Present
May 5, 2017	Present	Present	Present
May 9, 2017	Present	Present	Absent
May 10, 2017	Present	Present	Absent
July 26, 2017	Absent	Present	Present
October 31, 2017	Present	Present	Absent

Date	Jurgen van Breukelen	Scott Matlock	Jean-Luc Allavena
November 14, 2017	Present	Present	Absent
November 28, 2017	Present	Present	Present
December 1, 2017	Present	Present	Present
December 4, 2017	Present	Present	Present
December 18, 2017	Present	Present	Present
December 21, 2017	Present	Present	Present

2. Remuneration policy

The remuneration policy was adopted by a resolution of the General Meeting on June 28, 2017 and is made available on the Company's website (the "**Remuneration Policy**"). Pursuant to the Articles of Association, the remuneration of the Executive and Non-Executive Board Members is determined by the General Meeting in accordance with the Remuneration Policy.

Remuneration philosophy

The Company's remuneration philosophy and framework apply to Executive Board Members, including in their capacity as employee or service provider to Group Companies and also apply, with certain limitations, to a wider group of employees. The Company's remuneration philosophy for Executive Board Members (and other senior managers) is based on the following principles:

- provide total remuneration that attracts, motivates and retains candidates with the knowledge, expertise and experience required for each specific role;
- provide remuneration firmly geared towards pay-for-performance, with an appropriate proportion of the overall package being delivered through variable remuneration elements linked to performance over the short and long term;
- encourage and reward performance that will lead to long-term value creation; and
- take into account remuneration practices in the markets in which the Company operates and competes for talent and pay-ratios within the Group.

The compensation package for the Executive Board Members consists of the following fixed and variable components which are discussed in more detail below:

- fixed remuneration: fixed annual compensation and benefits;
- short-term incentive: annual cash bonus; and
- long-term incentives: cash and equity-based incentives.

Remuneration for Non-Executive Board Members

The compensation of Non-Executive Board Members is currently set at €65,000 per annum per Non-Executive Board Member with further fixed compensation payable to reflect additional responsibilities and time commitment, such as chairmanship of Board committees. The members of the Audit Committee and the Remuneration Committee currently receive additional compensation of €20,000 and €5,000 per annum respectively. The chairmen of the Audit Committee and the Remuneration Committee currently receive additional compensation of €30,000 and €20,000 per annum respectively. The chairman of the Board currently receives additional compensation of €25,000 per annum.

Remuneration for Executive Board Members

Fixed remuneration

Elements of fixed remuneration, comprising annual fixed compensation and benefits (including retirement benefits), are set at appropriate levels taking into account various factors such as the nature of the role, the experience and performance of the individual, and local and sector market practice amongst peers of a similar size and scope to the Group. Fixed remuneration elements are reviewed by the Remuneration Committee annually to ensure they remain competitive.

- *Annual fixed compensation*

Notwithstanding any additional remuneration payable to the Executive Board Members by certain of the Group Companies under this Remuneration Policy for services rendered to the Group, the following annual fixed compensation are payable by the Company to the Executive Board Members:

Executive Board Member	Amount (€)
President	200,000
Vice-President	150,000
CEO	180,000
CFO	160,000
COO	150,000
Other Executive Board Member	150,000

- *Benefits*

In addition, certain benefits may be provided by the Group to Executive Board Members (and, in certain cases, to other employees). These other benefits can include medical insurance, life assurance and retirement benefits.

The Executive Board Members benefit from collective pension plans implemented by the Group Companies with whom they have entered into an employment or service agreement, in line with local practices. Group Companies may contribute to such collective pension plans a maximum of 15% of the total compensation (both as Executive Board Member and as employee or service provider to Group Companies) of each Executive Board Member benefitting from such plans.

The Company may indemnify an Executive Board Member against all expenses, financial effects of judgements, fines and amounts paid in settlement actually and reasonably incurred by him in connection with an action, suit or proceeding against him in his capacity as Executive Board Member or as board member, officer, employee or service provider of any Group Company.

Variable remuneration

Variable remuneration elements are intended to motivate the Executive Board Members, in their capacity of employee or service provider to Group Companies, (and other senior managers) towards the achievement of Group-wide and personal objectives which ultimately promote delivery of the corporate strategy and the creation of long-term value. The form and structure of variable remuneration elements are reviewed at regular intervals to ensure they continue to support the objectives of the Group and the creation of long-term value. Further details regarding each of the variable remuneration elements currently operated are provided below.

- *Annual cash bonuses*

The Group operates an annual performance-related cash bonus plan for the Executive Board Members, in their capacity of employee or service provider to Group Companies (and other senior managers). Performance-related cash bonuses will be a percentage of an Executive Board Member's aggregate annual base salary (both as Executive Board Member and as employee or service provider to Group Companies) and will be determined by the General Meeting. The Board makes a proposal thereto based upon a recommendation of the Remuneration Committee.

Different percentages may apply depending upon the Executive Board Member's (or senior manager's) seniority. The annual performance-related cash bonuses will be determined based upon the achievement of certain pre-determined key performance indicators based on Group, regional, divisional and individual performance, as appropriate. The annual performance-related cash bonus will be paid only if certain minimum performance thresholds are met.

In addition to the annual performance related cash bonus, a discretionary annual cash bonus may be granted to the Executive Board Members. Such discretionary annual cash bonus is granted to the Executive Board Members by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

- *Equity incentives*

The Executive Board Members, as reward for their employment with or provision of services to Group Companies, and other employees of the Group are eligible to participate in any equity incentive plan the Group operates. Equity incentives are granted to the Executive Board Members by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

- *Cash incentives*

The Executive Board Members, as reward for their employment with or provision of services to Group Companies, can earn a cash incentive which vests after a certain period of time if certain pre-determined KPIs are achieved. The cash incentive will be determined by the General Meeting upon a proposal of the Board based on a recommendation of the Remuneration Committee.

Adjustments to variable remuneration

Pursuant to Dutch law, the variable remuneration of Board Members may be reduced or Board Members may be obliged to repay (part of) their variable remuneration to the Company if certain circumstances apply:

- test of reasonableness – pursuant to Dutch law, any variable remuneration payable to an Executive Board Member (in any capacity whatsoever within the Group) may be adjusted by the Board to an appropriate level if payment of the variable remuneration were to be unacceptable according to the criteria of reasonableness and fairness; and
- claw back – the Board will have the authority under Dutch law to recover from an Executive Board Member (in any capacity whatsoever within the Group) any variable remuneration paid on the basis of incorrect financial or other data.
- deduction of value increase of Shares – in case of a Share price increase due to a public offer on the Shares, Dutch law prescribes to reduce the remuneration of an Executive Board Member (in any capacity whatsoever within the Group) by an amount equal to the value increase of the Common Shares. Only Shares received by means of remuneration are subject to deduction. Shares that the Executive Board Member has purchased are not. Similar provisions apply in the situation of an intended legal merger or demerger, or in other significant transactions (i.e. transactions that fall within the scope of Section 2:107a DCC).

These rules did not apply to Altice S.A. and the Company will accordingly not apply these rules to any variable remuneration, shares and options which were paid or granted to Executive Board Members (in any capacity whatsoever within the Group) prior to the Merger, or Shares or options which were allotted by the Company in exchange for shares or options of Altice S.A. pursuant to the Merger.

Services agreements

The Board Members will have a service agreement with the Company. The service agreements with the Company do not contain severance provisions. The Executive Board Members may have an employment or service agreement with a Group Company. Such employment or service agreement may include a severance provision if the Group Company terminates the contract pursuant to which the Executive Board Member is entitled to a maximum severance payment which is limited to 52 weeks of the fixed annual compensation as employee or service provider to a Group Company.

3. Implementation

The Remuneration Policy was adopted by the General Meeting on June 28, 2017. The principles described in the Remuneration Policy have been applied in 2017.

To ensure that the remuneration of the Executive Board Members is linked to performance, a significant proportion of their remuneration package is variable and dependent on the short and long-term performance of the individual Board Member and the Group (please see section 8 “*Performance criteria*” for more details on the performance criteria applied). Performance targets must be realistic and sufficiently stretching and – particularly with regard to the variable remuneration components – the Remuneration Committee ensures that the relationship between the chosen performance criteria and the strategic objectives applied, as well as the relationship between remuneration and performance, are properly reviewed and accounted for, both ex-ante

and ex-post. The current remuneration package does not encourage Executive Board Members and employees to take unjustified risks and is focused on the Company's long-term development.

The Remuneration Committee regularly reviews whether the Remuneration Policy or the way it is implemented should be adjusted. For example, in 2017, the Remuneration Committee assessed the need for:

- the amendment of the Remuneration Policy to, (i) with respect to Executive Board Members, add a long-term cash incentive, remove the cash compensation plan, clarify the calculation of the annual performance-related cash bonus and add a discretionary annual cash bonus, indemnity and severance payment and (ii) amend of the remuneration of the Non-Executive Board Members;
- the adoption of the 2017 SOP and the 2017 LTIP in order to reinforce the retention effect of the grants of stock options in the future; and
- the adoption of the PSOP, which plan will be used to grant stock options to selected employees of the Group, including Executive Board Members. Under the PSOP, the vesting of options is subject to the achievement of a financial performance target.

In 2018, the Remuneration Committee will continue to assess whether the amount and components of the remuneration package of the Executive Board Members is appropriate and is in the best interests of the Company and its Shareholders on a long-term basis.

Accordingly, the Company has complied with best practice provision 3.4.1 of the Code.

4. Remuneration of the Board

Remuneration of the Board in 2017¹

The table below provides an overview of the remuneration of each Board Member for the financial year ended December 31, 2017. For every amount specified, the amount includes gross amounts, before the impact of social security or income tax deductions.

Name	Fixed compensation	Additional compensation for services to the Group ⁽¹⁾	Committee membership	Annual cash bonus ⁽²⁾	401(k) Savings Plan / LPP collective plan ⁽³⁾	Other benefits ⁽⁴⁾	Total ⁽⁵⁾
D. Goei	€200,000	\$490,385 ⁽⁶⁾	N/A	2016: \$3,000,000 ⁽⁷⁾ 2017: \$3,000,000	\$11,569	\$696,014 CHF6,365	€6,574,918
M. Combes ⁽⁸⁾	€165,000	€360,500	N/A	2016: €2,847,043	CHF37,927	CHF12,259	€3,417,674
D. Okhuijsen	€160,000	€190,000	N/A	2016: €1,000,000 2017: €350,000	CHF2,784	CHF45,316	€1,743,255
A4, S.A. ⁽⁹⁾	€150,000	-	N/A	-	-	N/A	€150,000
J. van Breukelen	€108,900 ⁽¹⁰⁾	N/A	€66,550 ⁽¹⁰⁾	N/A	N/A	N/A	€175,450 ⁽¹⁰⁾
S. Matlock	€65,000	N/A	€45,000	N/A	N/A	N/A	€110,000
J.-L. Allavena	€65,000	N/A	€25,000	N/A	N/A	N/A	€90,000

(1) Payable to the Executive Board Members by Group Companies for services rendered to the Group.

(2) The Group operates an annual performance-related cash bonus plan for the Executive Board Members, in their capacity of employee or service provider to Group Companies. Please refer to section 2 "Remuneration policy". The annual cash bonuses specified here relate to performance both in 2016 and in 2017. The annual cash bonuses which relate to performance in 2016 were paid out in February 2017 as an advance on the annual cash bonuses that the Executive Board Members were entitled to for the financial year 2016. The final amount of such annual bonuses was determined by the General Meeting of June 28, 2017. The annual cash bonuses which relate to performance in 2017 were paid out in December 2017 and, with respect to Mr. Goei, March 2018 (for \$1,500,000) as an advance on the annual cash bonuses that the Executive Board Members were entitled to for the financial year 2017. The final amount of such annual bonuses is to be determined by the 2018 AGM.

(3) Please see section 9 "Pension schemes / early retirement".

(4) Other benefits include health and welfare benefit plans (medical, dental, vision, life insurance and disability coverage), aircraft, ground transportation and tax gross-up on imputed income relating to commuting usage.

¹ Please refer to section 7 "Share options" for a summary of the grants of stock options to the Executive Board Members under the SOP, the LTIP and the PSOP, and the grants of Class C Units and US stock options to Mr. Goei, and to Note 29.1 to the Consolidated Statements for more details on the remuneration of the Board Members in 2017.

(5) For calculation purposes, the average exchange rate of U.S. dollars and Swiss Francs into euros for the year ended December 31, 2017 was used (\$1.00 = €0.88486; CHF1 = €0.89927).

(6) Mr. Goei's additional compensation for services rendered to the Group in 2017, as approved by the General Meeting of June 28, 2017, is equal to \$500,000. The amount of \$490,385 reflects 51 weeks of pay due to harmonization of payroll schedules.

(7) The amount in U.S. dollars correspond to the amount in euro (€2,847,043) of Mr. Goei's annual cash bonus for 2016 approved by the General Meeting of June 28, 2017.

(8) Mr. Combes stepped down from his position as Executive Board Member and CEO on November 9, 2017. In addition to the fees mentioned, Mr. Combes is due to receive a severance cash payment of a gross amount of EUR 6 million. This severance package was recommended by the Remuneration Committee after obtaining advice of both a legal and remuneration counsel and after careful consideration of several elements - including the fixed and variable remuneration to which Mr. Combes would have been entitled during his notice period, the scope of his non-compete provision and the litigation and reputational risk which could have arisen from this resignation -, and is subject to the approval of the 2018 AGM.

(9) The permanent representative of A4 S.A. on the Board is Mr. Jérémie Bonnin. Pursuant to a services agreement entered into between the Company, A4, S.A. and Mr. Bonnin, the fixed remuneration to which A4, S.A. is entitled as Executive Board Member is paid by the Company directly to Mr. Bonnin. Mr. Bonnin receives other compensation from Group Companies for services rendered to the Group.

(10) Including 21% VAT.

5. Scenario analyses

The Remuneration Committee regularly reviews the framework of the remuneration of the Executive Board Members and its components to determine if any adjustments are required – for example to adapt such remuneration to market developments or if the mix between fixed remuneration, variable remuneration and long-term incentives would no longer be set at an appropriate level given the evolution of the Group – with a view to making recommendations to the Board in that respect. In that context, the Remuneration Committee may conduct pay scenario analysis modelling on an ad hoc basis, which may, for example, assess the pay-out quantum for Executive Board Members under different performance scenarios. This modelling may be undertaken to ensure that the Remuneration Policy links directly to the Company's performance and is therefore in the interest of Shareholders.

Accordingly, the Company has complied with best practice provision 3.4.1 of the Code.

6. Pay ratios

Based on best practice provision 3.4.1 of the Code, the Company shall disclose the ratios between the remuneration of the Board Members and that of a representative reference group of employees within the Group and, if applicable, comment on any important variation in the pay ratios in comparison with the previous financial year.

Reference group and average remuneration

The Company has decided to include in the reference group the entire workforce employed by the Group, expressed in the form of full-time-equivalent employees (FTE). The full-time equivalence of each employee is calculated based on the number of hours worked by the employee in each period, compared to the maximum number of hours/period allowed as per the local law prevalent in the country of operation. As at December 31, 2017, there were 47,173 FTEs.

The calculation of the pay ratios was based on the average of the remuneration received by the employees of the reference group and was made in accordance with the following rules:

- in the event that an employee of the reference group received remuneration from different companies within the Group, the calculation was based on the global remuneration received by the relevant employee;
- the remuneration of the employees of the reference group taken into account was the remuneration received during the year concerned (i.e. if a bonus was paid in 2017 relating to activities performed in 2016, the bonus was taken into account when calculating the pay ratios of the financial year 2017);
- if all or part of the remuneration was paid in a foreign currency, the exchange rate which was used was the average exchange rate of the relevant currency into euros for the year ended December 31, 2017.

Type of remuneration

The Company used both fixed and variable remuneration components when determining the pay ratios for a given year.

Period of reference

The pay ratios disclosed by the Company reflect the last financial year.

Calculated pay ratios

Based on the above, the calculated pay ratios are as follows:

- the average President- to-worker pay ratio stands at 71.1 to 1;
- the average CFO-to-worker pay ratio stands at 25.81 to 1.

As the calculation of the pay ratio is required for the first time in 2017, the Company aims to comment on changes on these ratios in comparison with the previous financial year in the 2018 Management Report.

Accordingly, the Company has complied with best practice provision 3.4.1 of the Code.

7. Share options

Stock Option Plan

The Board and the General Meeting approved the establishment of the SOP on August 7, 2015, subject to and with effect as of the effective date of the Merger. The SOP was subsequently amended by the Board on recommendation of the Remuneration Committee on January 11, 2016 and on March 14, 2016, by the General Meeting on June 28, 2016 and by the Board on recommendation of the Remuneration Committee on July 25, 2016, subject to and with effect as from the moment following the EGM 2016, when the proposed amendments to the articles of association of the Company, resolved upon in the EGM 2016, took effect. The SOP was last amended by the Board on March 20, 2017. The purpose of the SOP is, amongst others, to provide prospective candidates to join the Group or prospective candidates for promotion within the Group with appropriate incentives and to support their retention. The number of options granted under the SOP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term. The grant of stock options under the SOP may be accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions.

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the SOP. Employees of the Group and, in exceptional cases, individuals who are not employees of the Group are eligible to participate in the SOP. In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the SOP as reward for their employment with or provision of services to Group Companies and in that case determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee. Non-Executive Board Members are not eligible for participation in the SOP.

Options granted under the SOP are subject to vesting conditions, which are time-based. For each participant, the stock options will vest as follows:

- a first tranche of 50% of the stock options a participant holds vests on the 2nd anniversary of the start date of the vesting period;
- a second tranche of 25% of the stock options a participant holds vests on the 3rd anniversary of the start date of the vesting period; and
- a third tranche of 25% of the stock options a participant holds vests on the 4th anniversary of the start date of the vesting period.

Notwithstanding the foregoing, the Board, upon recommendation of the Remuneration Committee, may adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

No consideration is payable for the allocation of the stock options. The exercise price of stock options granted under the SOP is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date of the offer made to and accepted by the employee to join the Group, (ii) the date on which the employee is promoted to a new function within the Group, or (iii) for an existing employee within the Group, the date on which the decision was made to grant him additional or new

stock options, as the case may be. The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favorable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

The following table summarizes the stock options granted to Executive Board Members under the SOP⁽¹⁾.

Name	Grant date	Tranches	Number of options granted	Current status	Exercise price (€)	Value at the grant date (€)	Value at vesting (€)	Vesting ⁽²⁾
D. Goei	January 31, 2014	First (50%)	5,309,734	Vested	7.0625	0	32,800,882	January 31, 2016
		Second (25%)	2,654,867	Vested	7.0625	0	35,090,705	January 31, 2017
		Third (25%)	2,654,867	Vested	7.0625	0	4,230,530	January 31, 2018
D. Okhuijsen ⁽³⁾	January 31, 2015	First (50%)	733,810	Vested	13.6275	3,594,201	4,881,671	January 31, 2017
		Second (25%)	366,905	Vested	13.6275	1,797,100	0	January 31, 2018
		Third (25%)	366,905	Unvested	13.6275	1,797,100	N/A	January 31, 2019
M. Combes ⁽⁴⁾	January 31, 2016	First (50%)	1,418,104	Unvested	17	0	N/A	Date of the 2018 AGM ⁽⁴⁾
		Second (25%)	709,052	Cancelled	17	0	N/A	N/A
		Third (25%)	709,052	Cancelled	17	0	N/A	N/A

(1) The share option plan of Altice S.A. (“SOP SA”) came into effect on January 31, 2014. The Company, as surviving entity in the Merger, has adopted a stock option plan which has replaced the SOP SA as of the effective date of the Merger, under (substantially) the same conditions as applicable to the SOP SA. Each option granted under the SOP SA was exchanged for four options, each entitling to one Common Share A in the share capital of the Company, at 25% of the applicable exercise price under the SOP SA.

(2) Vested options can be exercised at any time until the 10th anniversary of the grant date.

(3) On January 30, 2014, the board of directors of Altice S.A. decided to grant to Mr. Okhuijsen €10 million worth of options on the first anniversary, and €10 million worth of options on the second anniversary, of the initial public offering of Altice S.A. In March 2015, the remuneration committee of Altice S.A., based on a recommendation from the management, resolved to grant all €20 million worth of options to Mr. Okhuijsen retroactively on January 31, 2015.

(4) Mr. Combes stepped down from his position as Executive Board Member and CEO on November 9, 2017. As part of his severance package, and subject to the approval of the 2018 AGM, Mr. Combes will be entitled to exercise 50% of the stock options which were granted to him under the SOP for a period of four years following the 2018 AGM.

2017 SOP

On November 2, 2017, the Board, upon recommendation of the Remuneration Committee, adopted a new stock option plan (the “2017 SOP”), the terms of which are substantially the same as those of the SOP, except for the good leaver / bad leaver provisions applicable when a participant leaves the Group which have been amended to further support retention of the participants. Board Members are not eligible for participation in the 2017 SOP.

Long-Term Incentive Plan

The General Meeting approved the establishment of the LTIP on June 28, 2016. The LTIP was subsequently amended by the Board on recommendation of the Remuneration Committee on July 25, 2016, subject to and with effect as from the moment following the EGM 2016, when the proposed amendments to the Articles of Association, resolved upon in the EGM 2016, took effect. The LTIP is mainly used by the Company to grant stock options to participants under the SOP whose options have partially vested, in order to support retention of such participants, such grant being accompanied, for certain participants, by the grant of a deferred cash bonus subject to the same vesting conditions. The number of options granted under the LTIP depends on the position, the importance of the role, the seniority, the performance and the development potential of the participant on a mid/long term.

The Board, upon recommendation of the Remuneration Committee, may grant stock options to eligible participants under the conditions set out by the LTIP. Employees of the Group and in exceptional cases individuals who are not employees of the Group are eligible to participate in the LTIP. In addition, the General Meeting may resolve to grant stock options to Executive Board Members under the LTIP as reward for their employment with or provision of services to Group Companies and in that case, determines the number and the applicable criteria of such stock options, based on a recommendation of the Remuneration Committee. Non-Executive Board Members are not eligible for participation in the LTIP.

Options granted under the LTIP are subject to vesting conditions, which are time-based. For each participant, all the stock options will vest on the 3rd anniversary of the start date of the vesting period. Notwithstanding the foregoing, the Board may, upon recommendation of the Remuneration Committee, adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant.

No consideration is payable for the allocation of the stock options. The exercise price of stock options granted under the LTIP is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date on which the decision was made to grant the participant additional or new stock options, or (ii) an alternative date determined by the Board. The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favorable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

The following table summarizes the stock options granted to Executive Board Members under the LTIP.

Name	Grant date	Number of options granted	Current status	Exercise price (€)	Value at the grant date (€)	Value at vesting (€)	Vesting ⁽¹⁾
D. Goei	January 31, 2016	755,287	Unvested	13.24	0	N/A	January 31, 2019
	January 31, 2017	516,416	Unvested	19.3642	472,934	N/A	January 31, 2020
D. Okhuijsen	January 31, 2017	129,104	Unvested	19.3642	118,233	N/A	January 31, 2020

(1) Vested options can be exercised at any time until the 10th anniversary of the grant date.

2017 LTIP

On November 2, 2017, the Board, upon recommendation of the Remuneration Committee, adopted a new long-term incentive plan (the “**2017 LTIP**”), the terms of which are substantially the same as those of the LTIP, except for the good leaver / bad leaver provisions applicable when a participant leaves the Group which have been amended to further support retention of the participants. Board Members are not eligible for participation in the 2017 LTIP.

PSOP

On June 28, 2017, the General Meeting adopted a new performance stock option plan (the “**PSOP**”). The PSOP is used to grant stock options to selected employees of the Group, including Executive Board Members, the vesting of which is subject to the achievement of a financial performance target (the “**Target**”).

The General Meeting may resolve to grant stock options to Executive Board Members under the PSOP as reward for their employment with or provision of services to Group Companies and in that case, determines the number and the applicable criteria of such stock options, including the Target, based on a recommendation of the Remuneration Committee. The Board, upon recommendation of the Remuneration Committee, may grant stock options to the other participants under the conditions set out by the PSOP. Any employees of the Group (including Executive Board Members) is eligible to participate in the PSOP. In addition, at the discretion of the Board, individuals who are not employees of the Group but who, in view of their activities for the benefit of the Group, made an important contribution to the success of the business of the Group, may also be granted options under the PSOP. Non-Executive Board Members are not eligible for participation in the PSOP.

The number of options granted under the PSOP depends on the position, the importance of the role, the seniority and the anticipated contribution of the participant in the performance of the Group in the mid-term. No consideration is payable for the allocation of the stock options. The exercise price of stock options granted under the PSOP is equal to the weighted average price at which the Common Shares A are traded on Euronext Amsterdam during a period of 30 days preceding (i) the date on which the decision was made to grant stock options to the participant, or (ii) an alternative date determined by the Board. The Board, upon recommendation of the Remuneration Committee, may adjust the exercise price (at the time of or after the grant of the stock options) in a more favorable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the Shareholders.

The Target is set at the date of grant and will be achieved if the Adjusted EBITDA – CAPEX of the third full financial year following the date of grant is equal to or superior to the Target. The Board, based on a recommendation of the Remuneration Committee (or the general meeting of Shareholders, as the case may be), may adjust the Target to reflect recapitalization events, acquisitions, divestitures, or any other corporate events or actions, which require an adjustment to the Target. All stock options shall lapse if the Group does not achieve the Target.

The participant still needs to be employed or to provide services to the Company or to any Group Company at the moment that it is determined that the Group has achieved the Target. Participants who leave the Group before the vesting date will forfeit their stock options.

The following table summarizes the stock options granted to Executive Board Members under the PSOP.

Name	Grant date	Number of options granted	Current status	Exercise price (€)	Value at the grant date (€)	Value at vesting (€)	Vesting ⁽¹⁾
D. Okhuijsen	January 31, 2017	516,416	Unvested	19.3642	0	N/A	2021 (subject to performance conditions)
M. Combes ⁽²⁾	January 31, 2017	1,032,833	Cancelled	19.3642	0	N/A	N/A

(1) Vested options can be exercised at any time until the 10th anniversary of the grant date.

(2) Mr. Combes stepped down from his position as Executive Board Member and CEO on November 9, 2017. His stock options under the PSOP were cancelled on that date, in accordance with the terms and conditions of the PSOP.

US carried interest plan

In the US, the Group has implemented a long-term equity incentive plan for certain members of its management team (the “**US Carried Interest Plan**”). The purpose of the US Carried Interest Plan is to provide participants with an opportunity to participate in the long-term growth and financial success of Altice USA, by being granted “profits interest” in the form of units of ownership in a US limited partnership (the “**Class C Units**”).

A profits interest gives the participant the right to share in specified future profits and appreciation in value that the investors of the limited partnership may receive, including profits paid upon a sale of the investors’ interests. Economically, a profits interest is generally equivalent to a stock option granted on the stock of a corporation, insofar as the holder of a profits interest only realizes value if the limited partnership on which it is granted appreciates in value or has profits after the grant date.

The Class C Units will vest as follows:

- time vesting Class C Units: 50% of the Class C Units will vest on the second anniversary of the grant date; 25% of the Class C Units will vest on the third anniversary of the grant date; and 25% of the Class C Units will vest on the fourth anniversary of the grant date. For the initial grants under the US Carried Interest Plan, the vesting period started on December 21, 2015, i.e. the date of the Suddenlink’s acquisition by the Group;
- performance vesting Class C Units: 100% of the Class C Units will vest if certain performance targets, which have been set at the level of Altice USA, have been achieved with respect to financial year 2019.

All unvested Class C Units will automatically vest in case of a change of control of Altice USA.

Holder of vested Class C Units receive Class A common stock of Altice USA. The number of Class A common stock received is calculated using the fair market value of the Class C Units and is based on the then trading price of Class A common stock of Altice USA.

The following table summarizes the Class C Units granted to Mr. Goei under the US Carried Interest Plan.

Name	Grant date	Tranches	Number of Class C Units granted	Current status	Value (€)	Vesting
D. Goei	July 13, 2016	First (50%)	5,650,000	Redeemed in shares of Altice USA Class A common stock on December 21, 2017	5,000,000	December 21, 2017
		Second (25%)	2,825,000	Unvested	2,500,000	December 21, 2018
		Third (25%)	2,825,000	Unvested	2,500,000	December 21, 2019
	July 13, 2016	N/A	10,000,000	Unvested	9,034,200 ⁽¹⁾	2020 (subject to performance conditions)
	February 13, 2017	N/A	10,600,000	Unvested	9,379,516 ⁽²⁾	January 31, 2020

(1) \$10 million. For calculation purposes, the average exchange rate of U.S. dollars into euros for the year ended December 31, 2016 was used (\$1.00 = €0.90342).

(2) \$10.6 million. For calculation purposes, the average exchange rate of U.S. dollars into euros for the year ended December 31, 2017 was used (\$1.00 = €0.88486).

Altice USA 2017 Long Term Incentive Plan

Altice USA adopted a long-term incentive plan in 2017 (the “**AUSA LTIP**”) in connection with the Altice USA IPO. Under the AUSA LTIP, Altice USA may grant awards of options, restricted shares, restricted share units, stock appreciation rights, performance stock, performance stock units and other awards, to its and its affiliates respective officers, employees and consultants.

On December 30, 2017, certain members of Altice USA’s management, including Mr. Goei, were granted stock options under the AUSA LTIP. The stock options were granted to the executive officers who had previously received Class C Units under the US Carried Interest Plan and whose initial 50% vesting of such Class C Units occurred on December 21, 2017.

The following table summarizes the stock options granted to Mr. Goei under the AUSA LTIP.

Name	Grant date	Number of US options granted	Current status	Exercise price (\$)	Value at the grant date (\$)	Value at vesting (\$)	Vesting ⁽¹⁾
D. Goei	December 30, 2017	1,201,208	Unvested	\$19.48	23,400,000	N/A	December 21, 2020

(1) Vested options can be exercised at any time until the 10th anniversary of the grant date.

8. Performance criteria

The performance criteria used to determine the variable remuneration of the Executive Board Members depend on the other duties performed by them within the Group and the Group Company of which they are an employee or a service-provider. As Mr. Goei, in addition to being CEO and an Executive Board Member, is also the chairman and chief executive officer of Altice USA, his variable remuneration is determined in accordance with the rules applicable to the Altice USA executive officers.

Outside the US

Outside of the US, the variable remuneration of the members of the senior leadership team of the Group, including the Executive Board Members (other than Mr. Goei), is determined for 2/3 based on financial performance criteria and for 1/3 based on personal performance criteria:

- each individual’s personal objectives are determined every year and assessed at the end of each year;
- with respect to the financial performance criteria:

- for those members of the senior leadership team who exercise corporate functions, such as the Executive Board Members (other than Mr. Goei), the financial performance criteria are assessed at the Group level;
- for the other members of the senior leadership team, the financial performance criteria are assessed at the Group level for 1/3 and at the level of the Group Company employing them for 1/3;
- the three indicators which were used in 2017 as financial performance criteria were Revenues, Adjusted EBITDA and Adjusted EBITDA – CAPEX + change in Working Capital (for more details on these indicators, please refer to Note 4.2 to the Consolidated Financial Statements). The target level of each such indicator (the “**Performance Target**”) was set based on the Group’s annual budget for the financial year 2017, as approved by the Board. Depending on the actual amount of each such indicator, as set forth in the Consolidated Financial Statements, the calculation could either result in the variable remuneration to be nil or exceed the pre-agreed amount:

Amount of each indicator compared to the Performance Target	Result for such indicator
Less than 95% of the Performance Target	0
95% of the Performance Target	50%
100% of the Performance Target	100%
110% of the Performance Target	150%

Between such levels, a linear interpolation is applied. The average of the results of the three indicators constitute the multiplying factor to be applied to the pre-agreed amount of variable remuneration in order to determine the amount of the variable remuneration for the year.

On this basis, the Remuneration Committee compared the amount of the three indicators as set forth in the Consolidated Financial Statements to the Performance Targets and calculated the multiplying factor which, at the Group level, amounts to 23.4% for 2017.

In addition, when determining the amount of the variable remuneration of Mr. Okhuijsen, the Remuneration Committee took into account the results achieved by the senior management team in developing the Group as well as implementing the Group’s strategy, and the personal contribution of Mr. Okhuijsen to such results and to the constant changes required by a changing environment in organization and processes in order to implement the Group’s strategy. As a result, the Remuneration Committee decided to grant Mr. Okhuijsen a total bonus of €350,000 for 2017. Mr. Okhuijsen’s 2017 bonus is subject to the approval of the 2018 AGM.

In the US

In the US, the 2017 annual bonuses for Altice USA’s executive officers (including Mr. Goei) were comprised of two components: a formula-based award and a discretionary award. The 2017 formula-based award target for Mr. Goei was equal to 300% of annualized base salary (target equal to \$1,500,000) with a maximum payout opportunity equal to 450% of annualized base salary (maximum payout of \$2,250,000).

The performance metrics used to determine the 2017 formula-based award were expected to be based upon 2017 financial and operational results of Altice USA and the Company, with two-thirds of the target based upon Altice USA’s performance and one-third based upon the Company’s performance.

Due to the development of Altice USA’s business following the Altice USA IPO, Altice USA determined that it would better align the interests of its stockholders and management, as well as more directly reward and motivate its management, to receive bonuses based entirely on Altice USA’s performance. When the Altice USA compensation committee determined the 2017 formula-based bonuses for the executive officers (including Mr. Goei), it decided that such formula-based award would be based 100% upon Altice USA’s performance metrics. In making this decision, the Altice USA compensation committee did not change the Altice USA performance metrics that were originally set by for 2017, nor did it change the bonus targets and maximums for the executive officers. For 2018 it is expected that the formula-based bonus target of Altice USA’s executive officers (including Mr. Goei) will be based solely upon Altice USA’s performance.

The formula-based award metrics used to determine the 2017 annual bonuses are based upon 2017 financial and operational results of Altice USA as follows:

Performance Area	Weight	Performance metrics⁽¹⁾
Financial	10%	Revenue
	20%	Adjusted EBITDA
	20%	Adjusted EBITDA – Capex + Working Capital
Operational	30%	Corporate Expense
	20%	Weighted Average of Non-corporate Business Results
Total	100%	

(1) Corporate Expense refers to the portion of other Operating Expenses related to certain predefined departments that provide enterprise-wide administrative support to business operations (e.g., executive, legal, human resources, accounting, etc.).

Based upon actual Altice USA's performance, the 2017 formula-based awards for the executive officers were eligible to be paid out at up to 87.8% of target (\$1,317,000 for Mr. Goei), subject to negative discretion of the Altice USA compensation committee.

Based on individual performance evaluations, the Altice USA compensation committee decided to award an additional discretionary bonus for 2017 to Mr. Goei of \$183,000.

In addition, the Remuneration Committee decided to grant a discretionary bonus for 2017 to Mr. Goei, amounting to \$1,500,000, as reward for the responsibilities he assumed and the key role he played in 2017 at the Group level.

Mr. Goei's 2017 bonus is subject to the approval of the 2018 AGM.

9. Pension schemes / early retirement

The Company operates no pension or retirement schemes for its Board Members or its members of senior management. It, however, makes contributions to mandatory social security schemes in the countries of employment of its Board Members and its members of senior management.

In addition, the Group subscribed to a LPP collective plan (*La Prévoyance Professionnelle*) for all its employees, including Board Members, who are based in Switzerland. The Swiss pension system is based on three pillars: a state pension, an occupational pension and a private pension provision, the aim of which is to maintain the accustomed standard of living for the employee and his family during retirement or in the event of disability or death. The LLP collective plan corresponds to the second pillar, i.e. the occupational pension. It is very common in Switzerland and provides for extra benefits compared to the minimum requirements imposed by Swiss law. It is based on contributions from the Group as well as from the employee. In 2018, the Group decided to terminate its subscription to the LPP collective plan.

In the US, the executive officers of Altice USA (including Mr. Goei) are eligible to participate in Altice USA 401(k) savings plan and may contribute into their plan accounts a percentage of their eligible pay on a before-tax basis and an after tax-basis. Altice USA matches 100% of the first 4% of eligible pay contributed by participating employees and may make an additional discretionary year-end contribution.