

ALTICE S.A.

Société anonyme

**Annual Accounts as at December 31, 2014 and for the period from
January 3, 2014 to December 31, 2014 and Report of the Réviseur
d'Entreprises Agréé**

3, Boulevard Royal

L-2449 Luxembourg

R.C.S. Luxembourg B 183 391

Subscribed capital : EUR 2,479,501.86

ALTICE S.A.

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To the Shareholders of
Altice S.A.
3, boulevard Royal
L-2449 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders, we have audited the accompanying annual accounts of Altice S.A., which comprise the balance sheet as at December 31, 2014 and the profit and loss account for the period from January 3, 2014 to December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors' for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé*'s judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Altice S.A. as of December 31, 2014, and of the results of its operations for the period from January 3, 2014 to December 31, 2014 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*



John Psaila, *Réviseur d'entreprises agréé*
Partner

March 31, 2015

Balance sheet as at December 31, 2014

(Denominated in EUR)

	Note(s)	December 31, 2014
ASSETS		
Formation expenses	3	23,462,419
Fixed assets		
Financial fixed assets		
Shares in affiliated undertakings	4	10,234,340,338
Current assets		
Amounts owed by affiliated undertakings	5	
becoming due and receivable within one year		317,775,413
becoming due and receivable after more than one year		46,000,000
Other receivables		
becoming due and receivable within one year		1,824,955
becoming due and receivable after more than one year		10,000,000
Cash at bank, cash in postal cheque accounts, cheques and cash in hand	6	827,898,186
Prepayments	12	92,725,978
Total Assets		<u>11,554,027,290</u>

The accompanying notes form an integral part of these annual accounts.

Balance sheet as at December 31, 2014

(Denominated in EUR)

	Note(s)	December 31, 2014
LIABILITIES		
Capital and reserves		
Subscribed capital	7	2,479,502
Share premium and similar premiums	8	7,485,965,475
Loss for the financial period		(554,497,354)
		<u>6,933,947,623</u>
Provisions		
Other provisions	10, 17	20,651,820
Non-subordinated debts		
Debenture loans	11	
Non-convertible loans	12	
becoming due and payable within one year		126,009,057
becoming due and payable after more than one year		4,469,669,072
Amounts owed to credit institutions		
becoming due and payable within one year		24,661
Trade creditors		
becoming due and payable within one year	13	3,635,476
Amounts owed to affiliated undertakings		
becoming due and payable within one year		18,216
Tax and social security debts		
Tax debts	14	22,022
Social security debts		46,588
Other creditors		
becoming due and payable within one year		2,754
Total Liabilities		<u><u>11,554,027,290</u></u>

The accompanying notes form an integral part of these annual accounts.

Profit and loss account for the period from January 3, 2014 to December 31, 2014
(Denominated in EUR)

	Note(s)	From 3/01/2014 to 31/12/2014
CHARGES		
Other external charges	15	7,689,658
Staff costs	16	
Salaries and wages		21,213,784
Social security on salaries and wages		52,128
Value adjustments		
on formation expenses and on tangible and intangible fixed assets	3	5,267,074
Interest and other financial charges		
concerning affiliated undertakings		
other interest and similar financial charges	18	543,065,739
Income tax	14	3,210
Other taxes not included in the previous caption	14	62
Total Charges		577,291,655

The accompanying notes form an integral part of these annual accounts.

ALTICE S.A.

Profit and loss account for the period from January 3, 2014 to December 31, 2014
(Denominated in EUR)

	Note(s)	From 3/01/2014 to 31/12/2014
INCOME		
Net turnover	19	3,876,451
Other interest and other financial income		
derived from affiliated undertakings		58,289
other interest and similar financial income	20	18,859,561
Loss for the financial period		554,497,354
Total Income		577,291,655

The accompanying notes form an integral part of these annual accounts.

Notes to the accounts

December 31, 2014

Note 1 - General information

Altice S.A. (hereafter "the Company") was incorporated on January 3, 2014 and is organised under the laws of Luxembourg as a "Société anonyme" for an unlimited period.

The registered office of the Company is established at 3, Boulevard Royal, L-2449 Luxembourg. The Company is registered with the Trade Register under number B 183 391 in Luxembourg.

The Company's financial year starts on January 1 and ends on December 31 of each year, with the exception of the first financial year, which commenced on January 3, 2014 (incorporation date) and ended on December 31, 2014.

On January 31, 2014, the Company successfully completed an initial public offering ('IPO') and listed its shares on the Euronext Amsterdam Stock Exchange. The Company is composed of two main sub-groups, Altice France S.A. ("Altice France") and Altice International S.à r.l. ("Altice International"), which regroup its operations in France and those outside France, respectively.

The Company's object is the acquisition of participations, in Luxembourg or abroad, in any company or enterprise in any form whatsoever, and the management, development and sale of those participations, active in the telecom industry.

The Company also prepares consolidated financial statements, which are published according to the provisions of the Luxembourg Law (article 309 of the amended Law of 10 August 1915) and are available at the registered address of the Company as well as on the website of the Company on www.altice.net.

Note 2 - Summary of significant accounting policies

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention, in particular as laid down by the Law of 19 December 2002.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the accounts (continued)

December 31, 2014

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

2.2.1 Formation expenses

Expenditure incurred in connection with the incorporation of the Company and changes in its subscribed capital is capitalised and classified as Formation expenses. Such expenditure is written off on a straight-line basis over a period of 5 years.

2.2.2 Financial assets

Financial assets, including shares in undertakings and loans to these undertakings are valued at purchase price including the expenses incidental thereto.

In case of a permanent depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of these assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.3 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.4 Derivative financial instruments

The Company has entered into various forward and cross currency swaps in order to mitigate risks associated with making investments in currencies other than its functional currency.

At each balance sheet date, the Board assesses the fair value of these instruments and records a provision if it results in a negative fair value whereas gains are accounted only for when realised.

2.2.5 Foreign currency translation

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction.

Formation expenses and financial fixed assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the period.

Notes to the accounts (continued)

December 31, 2014

Note 2 - Summary of significant accounting policies (cont.)

2.2.5 Foreign currency translation (cont. and end)

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historic exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The realised and unrealised exchange losses are recorded in the profit and loss account. The realised exchange gains are recorded in the profit and loss account.

2.2.6 Provisions

Provisions for liabilities and charges are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax return has not yet been filed are recorded under the caption "Tax debts". The advance payments are shown in the assets of the balance sheet under the "Other receivables" item.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in "Provisions for stock options". At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the "Provisions for stock options".

2.2.7 Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt on a linear method.

2.2.8 Prepayments

This asset item includes expenditures incurred during the financial period but relating to a subsequent financial year. Initial costs in relation to the issuance of external financing are expensed over the duration of the corresponding financing.

2.2.9 Value adjustments

Value adjustments are deducted directly from the related asset.

Notes to the accounts (continued)

December 31, 2014

Note 2 - Summary of significant accounting policies (cont. and end)

2.2.10 Net turnover

Net turnover from the re-invoicing of the deal costs and the provision of services falling within the Company's ordinary activities are recognized in revenue when the service is rendered.

Note 3 - Formation expenses

Formation expenses comprise expenditure incurred in connection with the incorporation of the Company and the subsequent capital increases.

The movements during the period are as follows:

	December 31, 2014
Gross book value - at incorporation	-
Additions for the period	28,729,493
Gross book value - closing balance	28,729,493
Accumulated value adjustment - at incorporation	-
Value adjustments for the period	(5,267,074)
Accumulated value adjustment - closing balance	(5,267,074)
Net book value - closing balance	23,462,419
Net book value - at incorporation	-

Notes to the accounts (continued)

December 31, 2014

Note 4 - Financial fixed assets

The movements of the period are as follows:

	Affiliated undertakings	Total
	Shares 2014	2014
Gross book value – at incorporation	-	-
Additions for the period	11,067,758,311	11,067,758,311
Disposals for the period	(833,417,974)	(833,417,974)
Gross book value – closing balance	10,234,340,338	10,234,340,338
Accumulated value adjustment - at incorporation	-	-
Accumulated value adjustment - closing balance	-	-
Net book value - closing balance	10,234,340,338	10,234,340,338
Net book value - at incorporation	-	-

ALTICE S.A.**Notes to the accounts (continued)**

December 31, 2014

Note 4 - Financial fixed assets (cont.)

	Opening	Additions	Disposals	Impairment	Closing
Altice International S.à r.l.	-	4,742,580,793	-	-	4,742,580,793
Altice France S.A.	-	5,485,313,766	-	-	5,485,313,766
Numericable Group S.A.	-	778,280,578	(778,280,578)	-	-
Altice Blue Two S.A.S (*)	-	47,065,588	(40,705,599)	-	6,359,989
OMT OCEAN 3	-	14,431,797	(14,431,797)	-	-
Altice Management Europe S.A.	-	85,789	-	-	85,789
Total	-	11,067,758,311	(833,417,974)	-	10,234,340,338

(*) Altice Blue Two S.A.S. is a subsidiary of Altice International S.à r.l..

ALTICE S.A.

Notes to the accounts (continued)

December 31, 2014

Note 4 - Financial fixed assets (cont. and end)

Undertakings in which the Company holds at least 20% of the share capital are as follows:

Undertaking's name (legal form)	Registered office	Ownership %	Last balance sheet date	Net equity at the balance sheet date of the Company concerned (unaudited) 2014	Profit/(Loss) of the last financial year (unaudited) 2014
Altice France S.A. (Formerly Altice Six S.A.) (*)	Luxembourg	100%	December 31, 2014	5,159,359,431	(25,267,073)
Altice International S.à r.l. (Formerly Altice VII S.à r.l.) (*)	Luxembourg	100%	December 31, 2014	695,000,407	2,607,353
Altice Management Europe S.A.	Switzerland	100%	December 31, 2014	Not available	Not available

(*) These accounts are prepared under Lux GAAP.

The Board of Directors has determined the fair value of the financial fixed assets as derived from the market capitalisation of the Company and is satisfied that there exists no indication of impairment. Consequently, no value adjustments have been recorded.

Notes to the accounts (continued)

December 31, 2014

Note 5 - Amounts owed by affiliated undertakings

As at December 31, 2014, this item is composed as follows:

- Amount becoming due and payable within one year:

An advance to Altice France S.A. (formerly Altice Six S.A.) for an amount of EUR 317,775,413. This advance bears no interest and may be repaid at any time without notice request by the Company;

- Amount becoming due and payable after more than one year:

An interest free loan (the "IFL") granted by the Company on July 10, 2014 to Altice International S.à r.l. (formerly Altice VII S.à r.l.) for an amount of EUR 46,000,000. This IFL bears no interest and the maturity date was fixed on December 31, 2017.

The Board of Directors has assessed the recoverability of the amounts owed by affiliated undertakings and is satisfied that there exists no indication of impairment. Consequently, no value adjustments have been recorded.

Note 6 – Cash and cash equivalents

This balance is composed as follows:

	December 31, 2014
Term deposits	550,000,000
Bank balances	277,898,186
Total	827,898,186

Notes to the accounts (continued)

December 31, 2014

Note 7 - Subscribed capital

The share capital at incorporation amounted to EUR 31,000 and was increased through a serie of subsequent capital increases during the period.

On January 16, 2014, the Company changes the nominal value of the shares in order to give them the value of EUR 0.01 each and consequently increased of the number of issued shares from 31,000 (with a nominal value of EUR 1 each) to 3,100,000 shares (with nominal value of EUR 0.01 each).

On January 31, 2014, the Company successfully completed its initial public offering (“IPO”) on the Euronext Stock Exchange based in Amsterdam. A restructuring of the shareholder debts held by Next L.P. against Altice International S.à r.l. and Altice France S.A. was carried out before the IPO. As a result of this restructuring, the shareholder debts were contributed by Next L.P. to Altice S.A. in exchange for 172,900,000 new ordinary shares with a nominal value of EUR 0.01 each issued by the Company. The total amount of the contribution amounting to EUR 4,971,969,000 including a share premium of EUR 4,970,240,000.

On February 3, 2014, the Company issued an additional 238,520 new ordinary shares with a nominal value of EUR 0.01 each, by contribution in kind consisting of a receivable held by Valemi Corp S.A. from Altice International S.à r.l., a subsidiary of the Company, amounting to EUR 6,738,190. The total amount of the contribution of EUR 6,738,190 including a share premium of EUR 6,735,805.

On February 5, 2014, the Company issued an additional 26,548,673 new ordinary shares with a nominal value of EUR 0.01 each, by contribution in cash in a total amount of EUR 750,000,012 including a share premium of EUR 749,734,526.

On March 13, 2014, the Company issued:

- 163,150 new ordinary shares with a nominal value of EUR 0.01 each, by contribution in kind in an aggregate value of EUR 4,608,988 including a share premium of EUR 4,607,356;
- 1,440,905 new ordinary shares with a nominal value of EUR 0.01 each, by contribution in kind in an aggregate value of EUR 40,705,566 including a share premium of EUR 40,691,157;
- 510,854 new ordinary shares with a nominal value of EUR 0.01 each, by contribution in cash in a total amount of EUR 14,431,625 including a share premium of EUR 14,426,517.

On April 16, 2014, the Company issued an additional 132,940 new ordinary shares with a nominal value of EUR 0.01 each, by contribution in cash in a total amount of EUR 3,130,004 including a share premium of EUR 3,128,675.

On June 27, 2014, the Company issued an additional 35,575 new ordinary shares with a nominal value of EUR 0.01 each, by contribution in cash in a total amount of EUR 1,000,000 including a share premium of EUR 999,644.

Notes to the accounts (continued)

December 31, 2014

Note 7 - Subscribed capital (cont. and end)

On June 27, 2014, the Company issued an additional 17,900,000 ordinary shares in a private placement at a nominal value of EUR 0.01 for an amount of EUR 911,110,000 including a share premium of EUR 910,931,000.

On July 24, 2014, the Company issued an additional 24,751,873 ordinary shares with a nominal value of EUR 0.01 as part of the acquisition of an additional stake in the Numericable Group S.A., which was then contributed to Altice France S.A.. The total amount of the contribution of EUR 778,280,578 including a share premium of EUR 778,033,059.

On September 30, 2014, the Company issued an additional 2,564 new ordinary shares with a nominal value of EUR 0.01 each, by contribution in kind in an aggregate value of EUR 80,024. The total amount of the contribution of EUR 80,024 including a share premium of EUR 79,998.

On December 1, 2014, the Company issued an additional 225,132 new ordinary shares with a nominal value of EUR 0.01 each, by contribution in kind in an aggregate value of EUR 6,359,989. The total amount of the contribution of EUR 6,359,989.40 including a share premium of EUR 6,357,738.

As at December 31, 2014, the subscribed capital amounts to EUR 2,479,501.86 and is divided into 247,950,186 ordinary shares fully paid-up with a nominal value of EUR 0.01 each, if issued, Class B Shares, having a nominal value of one euro cent (EUR 0,01) each.

The authorised capital amounts to EUR 5,000,000 of ordinary shares and a maximum of EUR 20,000,000 of Class B shares.

The movements of the period are as follows:

	December 31, 2014
Subscribed capital - at incorporation	-
Subscriptions for the period	2,479,502
Subscribed capital - closing balance	2,479,502

No class B shares have been issued.

The ordinary shares have preferred distribution rights and liquidation preference rights which rank senior to the distribution rights and liquidation preference rights of the holders of the Class B Shares in accordance with the payment allocation set out in Articles 12.3 and 13.2 of the Articles of incorporation of the Company.

Notes to the accounts (continued)

December 31, 2014

Note 8 - Share premium and similar premiums

The movements on the "Share premium account and similar premiums" item during the period are as follows:

	Share premium December 31, 2014
Share premium and similar premiums - at incorporation	-
Movements for the period	7,485,965,475
Share premium and similar premiums - closing balance	7,485,965,475

The activity for the period on the "Share premium account" item corresponds to several decisions taken by the Board of Directors in the context of authorised capital (see Note 7).

Note 9 - Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Note 10 - Other provisions

This item is mainly composed as follows:

- A provision related to the Company's stock option plan of EUR 12,651,820 (see Note 17);
- A provision for bonus of EUR 8,000,000 (see Note 17).

Notes to the accounts (continued)

December 31, 2014

Note 11 – Non subordinated debts

Amounts due and payable for the accounts shown under "Non subordinated debts" are as follows:

	After less than one year	After one year and within five years	After more than five years	TOTAL December 31, 2014
	2014	2014	2014	
Non-convertible loans	126,009,057	-	4,469,669,072	4,595,678,130
Amounts owed to credit institutions	24,661	-	-	24,661
Trade creditors	3,635,476	-	-	3,635,476
Amounts owed to affiliated undertakings	18,216	-	-	18,216
Tax and social security	68,610	-	-	68,610
Other creditors	2,754	-	-	2,754
Total	129,758,774	-	4,469,669,072	4,599,427,846

Note 12 – Non-convertible loans

As at December 31, 2014, the non-convertible loans are composed as follows:

Bonds	Within one year	More than one year	Maturity date	Interest rate	TOTAL
	EUR	EUR			EUR
Senior Secured Notes EUR 2,075M	-	2,075,000,000	May 15, 2022	7.25%	2,075,000,000
Senior Secured Notes USD 2,900 M	-	2,394,669,072	May 15, 2022	7.75%	2,394,669,072
Interest on Senior Secured Notes EUR 2,075M	56,413,987	-			56,413,987
Interest on Senior Secured Notes USD 2,900 M	69,595,070	-			69,595,070
Total	126,009,057	4,469,669,072			4,595,678,130

Notes to the accounts (continued)

December 31, 2014

Note 12 – Non-convertible loans (cont. and end)

On May 8, 2014, the Company issued 2 fixed income instruments (the Senior Secured Notes, hereafter the “SSN”) as follows:

- Senior Secured Notes amounting to EUR 2,075,000,000 bearing an interest of 7.25 % and with a maturity date on May 15, 2022;
- and USD 2,900,000,000 (EUR 2,394,669,072) bearing an interest of 7.75 % and with a maturity date on May 15, 2022.

As at December 31, 2014, the accrued interest respectively amounts to EUR 56,413,987 and USD 84,281,250 (EUR 69,595,070) and the interest charges for the period then ended for an amount of EUR 96,948,611 and USD 149,138,666 (EUR 106,939,229) have been recorded under the caption “Interest and other financial charges” in the profit and loss account.

These SSN are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market of the Luxembourg Stock Exchange. They are rated B3/B.

The 2 SSN were issued in order to finance the acquisition of SFR and were used to close this acquisition in November 2014.

The initial costs (respectively EUR 48,095,445 and USD 64,193,455 (EUR 49,082,144)) incurred in relation to the issuance of the SSN have been recorded under the caption “Prepayments” and the cumulated amortization for the period amounts to EUR 3,862,450 and USD 5,396,174 (EUR 4,182,334). Those costs are amortized on a straight line basis up to the maturity of the SSN and the amortization of the period is included in the caption “Interest and other financial charges: other interest and similar financial charges” in the profit and loss account respectively for EUR 3,862,450 and USD 5,396,174 (EUR 3,985,716) (see Note 18).

Note 13 – Trade creditors

As at December 31, 2014, this item is composed of debts towards suppliers for an amount of EUR 1,945,376 and provisions for current charges/invoices to be received for an amount of EUR 1,690,100.

Note 14 – Tax debts

The Company is subject to all taxes applicable to a commercial company in Luxembourg.

Notes to the accounts (continued)

December 31, 2014

Note 15 – Other external charges

This item is composed as follows:

	January 3, 2014 to December 31, 2014
Rent and service charges	106,382
Legal fees	1,519,387
Audit and accounting fees	1,544,277
Tax consulting fees	999,064
Advisory fees	523,300
Other charges	894,167
Travelling and other related expenses	2,103,082
Total	7,689,658

Note 16 - Staff

The Company employed an average of 2.5 full-time persons during the financial period broken down by category as follows:

	January 3, 2014 to December 31, 2014
Employees	1.7 people
Management	0.8 people
Total	2.5 people

As at December 31, 2014, the Company employed 8 full-time persons and 3 part-time persons.

Notes to the accounts (continued)

December 31, 2014

Note 16 - Staff (Cont. and End)

Staff costs for the financial period are broken down as follows:

	January 3, 2014 to December 31, 2014
Salaries and wages (*)	21,213,784
Social security costs	52,128
Total	21,265,911

(*) The caption “Salaries and wages” is mainly composed as follows:

- A provision related to stock option rights granted and not yet vested of EUR 12,651,820 (see Note 17);
- A provision for bonus of EUR 8,000,000 (see Note 17).

Note 17 - Emoluments granted to the members of the administrative, managerial and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

Compensation paid to members of the Board of Directors of the Company and certain executive members of the management team is listed below:

- As part of the listing process, the Company adopted a new remuneration policy and company stock options were issued to executive directors and some senior management of the Company.

The options were valued using the Black and Scholes model, considering the modalities of the options as described in the articles and by laws of the Company. The Company reserved the right to grant options of up to EUR 250 million upon admission, of which EUR 220.85 million were granted at IPO under the conditions listed below, as well as further options for an aggregate amount of EUR 100 million for new hires and to promote employees and officers. Additional options worth EUR 20 million were granted to a member of the management team with conditions at admission different to those described below.

These options will vest in two tranche as follows, a EUR 10 million tranche of ordinary shares on the first anniversary following the settlement date of the Offering and a second tranche of EUR 10 million of ordinary shares on the second anniversary following the settlement date of the Offering and each time at the then prevailing market price.

Notes to the accounts (continued)

December 31, 2014

Note 17 - Emoluments granted to the members of the administrative, managerial and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies (cont.)

The conditions considered for the valuation of the options are given as follows:

- Options can only be issued on the issue date, defined as (i) the date of admission of Altice S.A.'s shares on Euronext Amsterdam (January 31, 2014) or (ii) the date on which an employee or another person designated by Altice S.A. becomes eligible to participate in the plan. Participants who will be granted options upon admission will not be eligible to receive more options until the fourth anniversary after the issue date (except in connection with promotions);
- Each option granted entitle the holder to acquire one ordinary share of the Company;
- Options vest on a non-linear basis as per the following schedule:
 - A first tranche of 50% vests two years after the allocation of the options;
 - A second tranche of 25% vests three years after the allocation of the options ; and
 - The final tranche of 25% will vest four years after the allocation of the options.
- Vested options can be exercised at any time until the 10th anniversary of the issue date, after which they will be considered to have lapsed;
- The exercise price for the options is either (i) if issued on admission, the offer price of the Company's shares upon admission (EUR 28.25) or, (ii) the weighted average price at which the shares are traded on Euronext Amsterdam for a period of six months preceeding the issue date.

During the period ended December 31, 2014, new options were granted to new members of the Management team, while an existing member of the team was allotted additional options (as part of his promotion within the structure). The details of the new options allotted are given below:

- One tranche of EUR 10.0 million allocated at a strike price of EUR 29.1, allocated on July 1, 2014;
- One tranche of EUR 0.25 million allocated at a strike price of EUR 31.2, allocated on September 1, 2014;
- An additional tranche of EUR 10.0 million allocated at a strike price of EUR 29.3, allocated on September 30, 2014;
- A tranche of EUR 10.0 million allocated to an executive of the Numericable-SFR group on December 19, 2014 at a strike price of EUR 49.1; and
- A tranche of EUR 6.0 million allocated to two other executives of the Numericable-SFR group on December 19, 2014 at a strike price of EUR 49.1.

The terms and conditions of these newly allocated options are the same as those listed above for the options allotted at admission.

Notes to the accounts (continued)

December 31, 2014

Note 17 - Emoluments granted to the members of the administrative, managerial and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies (cont. and end)

In March 2015, the Remuneration Committee, based on a recommendation by Management, voted to change the allocation of options for one board member, whose options were initially allotted in two tranches (€ 10 million each, 1 and 2 years from the admission date). These options were now fully allotted with retroactive effect from January 31, 2015.

As of December 31, 2014, options totaling a combined nominal value worth EUR 267.1 million had been allotted to different managers of the Company (representing 9.2 million ordinary shares of Altice S.A. at an average price of EUR 29.1). As of the date of this report, no options have been exercised or lapsed.

Based on these conditions, for the year ended December 31, 2014, Altice S.A. recorded EUR 12,651,820 as expenses related to stock options in the line item, “Salaries and wages”.

As per the guidelines of remuneration policy of the Company, compensation paid to executive members of the board has a fixed and variable component that is determined and approved by the remuneration committee. All executive directors with the exception of Patrick Drahi receive compensation from the Company for their roles on the board.

Non-executive directors of the company are eligible to receive a fixed compensation of EUR 60,000 per annum. In addition to this, non-executive directors who are also chairman of the remuneration and audit committees are eligible to receive additional compensation of EUR 10,000 and EUR 20,000 respectively.

For the year ended December 31, 2014, the Company recorded a provision of €8,000,000 to cover bonuses for executive directors and other key members of Management, the payment of which is conditional on the meeting of certain operational targets that have been established by the Board.

Notes to the accounts (continued)

December 31, 2014

Note 18 – Other interest and similar financial charges

This item is composed as follows:

	January 3, 2014 to December 31, 2014
Interest on Senior Secured Notes EUR 2,075M	96,948,611
Interest on Senior Secured Notes USD 2,900 M	106,939,229
Banking interest	81,372
Bank account charges	13,551
Other bank expenses and commissions	419,850.00
Foreign currency exchange losses	315,654,195
Fees related to the IPO of Altice S.A.	11,826,361
Financing fees Numericable Group S.A.	950,000
Arrangement fees RCF	2,384,404
Amortization on transaction costs (SSN EUR)	3,862,450
Amortization on transaction costs (SSN USD)	3,985,716
Total	543,065,739

Note 19- Net turnover

The net turnover is broken down by category of activity and into geographical markets as follows:

	January 3, 2014 to December 31, 2014
Categories of activity	
Services	3,076,451
Management fees	800,000
Total	3,876,451
Geographical markets	
Europe	3,876,451
Total	3,876,451

Notes to the accounts (continued)

December 31, 2014

Note 20 – Other interest and similar financial income

This item is composed as follows:

	January 3, 2014 to December 31, 2014
Interest on deposit accounts	437,368
Foreign currency exchange gain	12,810,244
Realized gain on fixed cross currency swaps	5,611,950
Total	18,859,561

Note 21 - Off balance sheet commitments**- *Derivatives and hedge accounting***

On May 8, 2014, the Company and its subsidiary, Numericable Group S.A., issued debt to finance the acquisition of the SFR group. A part of this debt was issued in USD, which is different from the functional currency of the entities. In order to mitigate risks arising from the variations in foreign exchange rates (the benefiting operating entities generate cash flows in euros which will be used to service this debt), the Company has entered into cross currency swaps for interest and principal payments in order to secure future cash flows in its functional currency.

As part of this operation, a hedging transaction was implemented to swap the entire amount of the USD tranche into EUR at a fixed exchange rate. Additionally, the fixed coupon on the USD tranche was swapped into a fixed rate to match the swap into EUR.

The table below summarizes the details of the swap and its novation:

Nominal USD	Nominal EUR	Fair value EUR	Effective date	Termination date (*)	USD coupon
Fixed/Fixed cross currency swap					
2,900,000,000	2,097,345,773	273,365,845	May 8, 2014	May 15, 2019 - May 15, 2022	7.75%

*The swap with one of the counterparties was extended for three years as the counterparty offered favorable conditions for booking an extension. The Company has the option to extend the swaps with other counterparties and may choose to do so in the future.

Notes to the accounts (continued)

December 31, 2014

Note 21 - Off balance sheet commitments (cont and end)

- *Revolving credit facility*

The Company had access to a revolving credit facility (“RCF”) amounting to a total of EUR 200 million. As of December 31, 2014 the RCF remain undrawn.

- *Altice France S.A.*

All Shares of Altice France S.A. (formerly Altice Six S.A.), and, in particular, the 56,693,900 shares in each Class A, B, C, D and E, as well as any and future shares to be acquired, as the case may be, and any related assets, have been pledged in favour of Deutsche Bank AG, London Branch (as Security Agent for the Secured Creditors) pursuant to a share pledge agreement dated May 8, 2014. Other than as permitted or not prohibited under the debt documents, the pledged shares may not be disposed of in any way without the prior written consent of the security agent. No second ranking pledge may be taken on the shares without the prior written consent of the Security Agent.

- *Altice International S.à r.l.*

The shares, bank accounts and receivables of Altice International S.à r.l. (formerly Altice VII S.à r.l.) and its following subsidiaries Altice Finco S.A., Altice Financing S.A., Altice Holdings S.à r.l., Altice West Europe S.à r.l., Altice Portugal S.A., Altice Carribean S. à r.l., Cool Holdings LTD S.A., H.Hadaros 2012 LTD., Hot Telecommunications System LTD, Cabovisao S.A., Altice Blue Two S.A.S. and its subsidiaries, Coditel Holding S.A., Winreason S.G.P.S and its subsidiaries have been pledged for the issued Senior Secured Notes and the Altice Financing term loan. The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Note 22 – Going concern

As of December 31, 2014, the Company had a net current asset position of EUR 1,009,739,781 and loss of EUR 554,497,354.

As of December 31, 2014, the Company’s liabilities consist mainly of external debt amounting to a total of EUR 4,469,669,072 and provision for stock option and bonus amounting to a total of EUR 12,651,820 and EUR 8,000,000, respectively.

As of December 31, 2014, the Company had a positive equity position of EUR 6,933,947,623. This positive position results from the initial public offering of shares of Altice S.A. on Euronext Amsterdam, as well as the conversion and contribution of various vendor debts and minority interests stakes into the equity of Altice S.A..

In view of the current financial situation of the Company, the Board of Directors is confident that the Company will continue to act as a going concern for the next twelve months, given its earnings and cash flow generating ability.

Notes to the accounts (continued)

December 31, 2014

Note 23 – Related parties transactions

During the financial period, the following significant transactions entered into with related parties:

a) Receivables and payables transactions with related parties

	December 31, 2014
<u>Receivables</u>	
Management fees SportV S.A.	143,750
Management fees MCS S.A.S.	675,000
<u>Payables :</u>	
Consulting fees DKQT Consulting (**)	29,666

b) Profit and loss transactions with related parties

	December 31, 2014
<u>Income:</u>	
Numericable-SFR (*)	3,035,465
Management fees SportV S.A.	125,000
Management fees MCS S.A.S.	675,000
<u>Charges :</u>	
Consulting fees DKQT Consulting (**)	(124,998)
Advisory fees Titan (**)	(180,000)
Total	3,530,467

(*) This income corresponds to the re-invoicing of the deal costs related to the SFR acquisition.

(**) These entities are related to some Directors of the Board.

Notes to the accounts (continued)

December 31, 2014

Note 24 - Subsequent events

Acquisition of Portugal Telecom

On December 9, 2014, the Company announced that it has signed a definitive agreement with Oi to purchase the Portuguese assets of Portugal Telecom ("P.T."). These assets comprise the existing business of Portugal Telecom outside of Africa and excludes Portugal Telecom's Rio Forte debt securities, Oi treasury shares and Portugal Telecom financing vehicles. The transaction values Portugal Telecom at an enterprise value of EUR7.4bn on a cash and debt-free free basis which includes EUR500m consideration related to the future revenue generation of Portugal Telecom. The transaction, net of financial debt, accrued post-retirement liabilities and other purchase price adjustments will be financed by new debt and existing cash from Altice. The transaction requires corporate approvals and will be subject to standard regulatory approvals for a transaction of this nature.

On January 22, 2015, the board of PT S.G.P.S unanimously approved the sale of P.T. to Altice and the Company subsequently completed the issuance of the debt that has been be used to finance this acquisition on February 4, 2015.

The Company has issued Senior Notes in March 13, 2015 as follows:

- USD 1,480,000,000 senior notes, bearing a semi-annual coupon of 7.625% and maturing in 2025;
- EUR 750,000,000 senior notes, bearing a semi-annual coupon of 6.25% and maturing in 2025.

These Senior Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market of the Luxembourg Stock Exchange.

Buy-out of minorities in Numericable-SFR

On February 27, 2015, the Company, through its subsidiaries Altice France and Numericable-SFR announced that they have entered into the final agreements with Vivendi regarding the acquisition of the 20% stake Vivendi owns in Numericable-SFR, for a price of 40 euros per share, following the approval by Vivendi's Supervisory Board of their offer dated February 17, 2015. Numericable-SFR will acquire half of Vivendi's stake through a share buyback program which will be submitted to a vote at the shareholders' meeting of Numericable-SFR. The remainder of the Vivendi's stake will be acquired by Altice France at the same time, with a payment to be made no later than April 7th 2016 and subject to an interest of 3.8% per annum. The payment by Altice France of approximately EUR1.948 billion plus interest of 3.8% per annum has been secured by a bank guarantee. The closing of this transaction is expected to occur in the days following the next shareholders' meeting of Numericable-SFR, which will be held no later than April 30, 2015.

Notes to the accounts (continued and end)

December 31, 2014

Note 24 - Subsequent events (cont. and end)

Buy-out of minorities in Numericable-SFR (cont. and end)

This transaction will in particular result in the termination of the shareholders' agreement and the call options agreements entered into between Altice France and Vivendi in connection with the SFR acquisition.

In case of non-completion of the transaction, for reasons other than administrative or judicial or attributable to Vivendi, Altice S.A. will pay a break-up fee of EUR 120 million to Vivendi.

Carlyle and Cinven debt repayment

On February 6, 2015, Altice France, a 100% subsidiary of the Company, repaid its debt amounting to € 529.2 million towards Carlyle and Cinven (former minority shareholders of NG). Consequently, the Company has decided to make an equity contribution to Altice France S.A. without share issuance in the amount of EUR 530,189,000.