



ALTICE N.V.
with corporate seat in Amsterdam
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands
Trade Register Number 63329743
(the "**Company**")

EXTRAORDINARY GENERAL MEETING

to be held on 11 June 2018 at 11:00 hours Amsterdam time at the Conservatorium Hotel,
Van Baerlestraat 27, 1071 AN Amsterdam, The Netherlands

EXPLANATORY NOTES TO THE AGENDA

2. **Remuneration of Board members**

Pursuant to article 16.4 of the Company's articles of association, the remuneration of the Board members - whether paid by the Company or by another Altice group company - is determined by the General Meeting.

Following article 2:132(3) Dutch Civil Code, the legal relationship between the Board members and the Company does not qualify as employment agreement. The executive directors of the Board do have an employment or service agreement with one or more companies within the Altice group.

(a) **Discussion of the treatment of stock options in relation to the separation of the U.S. business from the Company**

Share based compensation plans

In connection with the proposed separation of the U.S. business from the Company (the "**Separation**"), the Board, on the recommendation of the Remuneration Committee, reviewed and considered, in consultation with remuneration, financial and legal advisors, several alternatives for adjustment of the terms and conditions of the stock options granted under the Company's share based compensation plans¹ (the "**Share-Based Compensation Plans**") in order to adjust all participants' options in the same manner in order to address the effects of the Separation. For further information on the proposed Separation, please see the agenda, explanatory notes and accompanying shareholders' circular for the Company's annual general

¹ Meaning (i) the share option plan, dated 9 August 2015 and as lastly amended on 20 March 2017 ("**SOP**"), (ii) the 2017 share option plan, dated 2 November 2017 and as proposed to be amended in accordance with agenda item 9(e) of the 2018 AGM agenda ("**2017 SOP**"), (iii) the long term incentive plan, dated 28 June 2016 and amended on 6 September 2016 ("**LTIP**") and (iv) the 2017 long term incentive plan, dated 2 November 2017 and as proposed to be amended in accordance with agenda item 9(f) of the 2018 AGM agenda ("**2017 LTIP**"). All these Share-Based Compensation Plans are available on www.altice.net under "Investors - Shareholder meetings".

meeting to be held on 18 May 2018 (the "2018 AGM") as available at www.altice.net under "Investors - Shareholder meetings".

The Board and the Remuneration Committee, after due and careful consideration and consultation, propose to adjust the terms and conditions of the stock options granted to all participants under the Share-Based Compensation Plans (the "**Existing Stock Options**") as follows:

- (i) each Existing Stock Option will be considered (hypothetically) to represent (x) a stock option on the new Altice Europe (i.e. an option on a share in the Company (to be renamed Altice Europe N.V.) together with its subsidiaries, after giving effect to the Separation ("**Altice Europe**") and (y) a cash amount corresponding to the value of a stock option on 0.4163² Altice USA, Inc. ("**Altice USA**") share, such cash amount remaining an obligation of the Company;
- (ii) the exercise price for the Existing Stock Options, entitling the participant to acquire shares in the Company subject to and in accordance with the terms and conditions of the relevant Share-Based Compensation Plan under which such options have been granted, will be reduced in accordance with the following formula: exercise price for the Existing Stock Options multiplied by Average Ratio,

whereby the following terms have the following meaning:

Term	Meaning
A	total equity value of the Company in EUR, i.e. (i) the outstanding number of the Company's Common Shares A multiplied by the closing share price of the Company's Common Shares A on Euronext Amsterdam on a relevant trading day plus (ii) the outstanding number of the Company's Common Shares B multiplied by the closing share price of the Company's Common Shares B on Euronext Amsterdam on a relevant trading day
Average Ratio	the average of all Ratio's calculated during the period starting as per the date of the announcement of the Separation (i.e. 8 January 2018) and ending as per close of market on the trading day preceding the ex-dividend date

² Corresponding to the number of Altice USA shares proposed to be distributed to Company's shareholders in respect of each share in the Company.

Term	Meaning
B	total equity value of Altice USA in USD, i.e. outstanding number of Altice USA's shares multiplied by the closing share price of Altice USA's shares on the New York Stock Exchange on a relevant trading day
C	USD 1.5 billion dividend to be paid by Altice USA prior to the Separation
D	Pro forma equity value of Altice USA (B minus C)
E	67.2% multiplied by D divided by FX (USD/EUR)
FX (USD/EUR)	USD/EUR exchange ratio on a relevant trading day
Ratio	(A minus E) divided by A; to be calculated each trading day (during the period starting as per the date of the announcement of the Separation (i.e. 8 January 2018) and ending as per close of market on the trading day preceding the ex-dividend date) using A, B, FX (USD/EUR) and E of the relevant day

- (iii) participants will retain their Existing Stock Options, with the exercise price adjusted as indicated above, and will receive gross cash compensation in an amount equal to the Cash Compensation (as defined below) and no options will be granted with respect to Altice USA shares;
- (iv) the cash compensation shall be equal to the Black-Scholes value of a stock option on an Altice USA share with the following characteristics, multiplied by the number of Existing Stock Options held by the participant multiplied by 0.4163³ (the "**Cash Compensation**"):
 - (a) the exercise price shall be calculated in accordance with the following formula: exercise price of the relevant Existing Stock Option converted into USD at an average USD/EUR exchange rate during the period starting as per the date of the announcement of the Separation (i.e. 8 January 2018) and ending as per close of market on the trading day preceding the ex-dividend date, multiplied by (1 - Average Ratio) divided by 0.4163;

³ Corresponding to the number of Altice USA shares proposed to be distributed to Company's shareholders in respect of each share in the Company.

- (b) the expiration date shall be the same as the relevant Existing Stock Option;
- (c) the implied/expected volatility shall be set at the Altice USA realised share price volatility since the listing of the Altice USA shares on the New York Stock Exchange;
- (d) the price of the Altice USA share shall be equal to the volume weighted average price at which Altice USA's shares are traded on the New York Stock Exchange during the period starting as per the date of the announcement of the Separation (i.e. 8 January 2018) and ending as per close of market on the trading day preceding the ex-dividend date, reduced by the dividend per share corresponding to the USD 1.5 billion dividend to be paid by Altice USA prior to the Separation;
- (e) the dividend yield shall be set at 0%; and
- (f) the risk-free interest rate shall be set at an assumed rate of 0.3%;
- (v) the Cash Compensation will be paid to the participants as follows:
 - (a) for Existing Stock Options that have vested on or prior to the date of the Separation: shortly after the date of the Separation but, in any event, before 30 September 2018; or
 - (b) for Existing Stock Options that have not yet vested on or prior to the date of Separation: subject to and shortly after vesting of the relevant options.

The Board and the Remuneration Committee believe that the proposed adjustment of the Existing Stock Options effectively addresses for the participants under the Share-Based Compensation Plans the effects of the Separation and (i) is not dilutive for the Company's shareholders and (ii) does create an ongoing incentive in respect of Altice Europe's performance for employees of Altice Europe after the Separation. The Board and the Remuneration Committee also believe that conditioning the Cash Compensation on vesting of the underlying option provides an incentive to retain participants and promote stability of Altice Europe's management.

The proposed adjustment does not require an amendment of the Share-Based Compensation Plans.

All participants under the Share-Based Compensation Plans, including the executive directors of the Board⁴, will be treated equally and all stock options granted to such participants will therefore be adjusted on the basis of the above explained principles. The Board retains the possibility to make adjustments to these principles in response to local law and taxation for non-executives.

⁴ For further information in relation to the terms and conditions of the stock options granted to the current executive directors of the Board, please see section 5.5.7 of the 2017 Management Report and note 29.1 to the 2017 consolidated financial statements, as available at www.altice.net under "Investors - Shareholder meetings".

Performance stock option plan

The adjustment of the terms and conditions of the stock options granted to the executive directors of the Board under the Company's performance stock option plan, dated 28 June 2017 (the "**Performance SOP**"), to take into account the effects of the Separation, will be proposed later this year.

(b) **Proposal to amend the remuneration of Mr. Patrick Drahi (voting item)**

This agenda item will only be put to a vote if agenda items 6 and 8 of the 2018 AGM agenda are adopted.

It is proposed to the General Meeting to amend the remuneration of Mr. Patrick Drahi as per (i) the date of effectuation of the Separation or (ii) if the Separation has been effected prior to the date of the EGM, as per the date of the EGM as follows, all in connection with and in line with the adjustment of the stock options as described in agenda item 2(a):

- (i) in respect of the 10,619,468 stock options granted under the SOP (to Next Alt S.à r.l., an entity controlled by Mr. Patrick Drahi), with an exercise price of EUR 7.0625 and a start of the vesting period on 31 January 2014:
 - (a) 10,619,468 stock options, with an exercise price to be determined on the basis of the formula referred to in agenda item 2(a) under (ii); and
 - (b) a Cash Compensation to be determined on the basis of the formula referred to in agenda item 2(a) under (iv);
- (ii) in respect of the 755,287 stock options granted under the LTIP with an exercise price of EUR 13.24 and a start of the vesting period on 31 January 2016:
 - (a) 755,287 stock options, with an exercise price to be determined on the basis of the formula referred to in agenda item 2(a) under (ii); and
 - (b) a Cash Compensation to be determined on the basis of the formula referred to in agenda item 2(a) under (iv);
- (iii) in respect of the 30,000,000 stock options granted to Next Alt S.à r.l., an entity controlled by Mr. Patrick Drahi, under the brand license and services agreement⁵, with an exercise price of EUR 19.3642 (the "**Current Exercise Price**") and vesting as follows: (a) a first tranche of 10,000,000 stock options of which 50% will vest after two years (i.e. on 31 January 2019), 25% after three years (i.e. on 31 January 2020) and 25% after four years (i.e. on 31 January 2021), (b) a second tranche of 10,000,000 stock options will vest if the Company's share price doubles in value compared to the Current Exercise Price on or before 31 January 2021 and (c) a third tranche of

⁵ For further information on the brand license and service agreement, please see section 3.8.1 of the 2017 Management Report.

10,000,000 stock options will vest if the Company's share price triples in value compared to the Current Exercise Price on or before 31 January 2022:

- (a) 30,000,000 stock options, with an exercise price to be determined on the basis of the formula referred to in agenda item 2(a) under (ii) (the "**New Exercise Price**");
- (b) a Cash Compensation in respect of the first tranche of 10,000,000 stock options to be determined on the basis of the formula referred to in agenda item 2(a) under (iv);
- (c) a Cash Compensation in respect of the second tranche of 10,000,000 stock options:
 - (x) to be determined on the basis of the formula referred to in agenda item 2(a) under (iv), provided that, for the purposes of this calculation, the exercise price of the Existing Stock Option shall be deemed to be twice the Current Exercise Price; and
 - (y) which shall be payable in accordance with agenda item 2(a) under (v)(b) if the Company's share price doubles in value compared to the New Exercise Price on or before 31 January 2021; and
- (d) a Cash Compensation in respect of the third tranche of 10,000,000 stock options:
 - (x) to be determined on the basis of the formula referred to in agenda item 2(a) under (iv), provided that, for the purposes of this calculation, the exercise price of the Existing Stock Option shall be deemed to be three times the Current Exercise Price; and
 - (y) which shall be payable in accordance with agenda item 2(a) under (v)(b) if the Company's share price triples in value compared to the New Exercise Price on or before 31 January 2022.

The other elements of Mr. Patrick Drahi's remuneration as included in the explanatory notes under agenda item 9(b) of the 2018 AGM agenda remain unchanged.

This agenda item includes the delegation of the authority to determine the exact exercise price of the stock options referred to under (i)(a), (ii)(a) and (iii)(a) and the exact cash compensation referred to under (i)(b), (ii)(b), (iii)(b), (iii)(c) and (iii)(d) above, to the Remuneration Committee.

(e) **Proposal to amend the remuneration of Mr. Dexter Goei (voting item)**

This agenda item will only be put to a vote if agenda item 6 of the 2018 AGM agenda is adopted.

It is proposed to the General Meeting to amend the remuneration of Mr. Dexter Goei as per (i) the date of effectuation of the Separation or (ii) if the Separation has been effected prior to the date of the EGM, as per the date of the EGM as follows, all in connection with and in line with the adjustment of the stock options as described in agenda item 2(a):

- (i) in respect of the 10,619,468 stock options granted under the SOP, with an exercise price of EUR 7.0625 and a start of the vesting period on 31 January 2014:
 - (a) 10,619,468 stock options, with an exercise price to be determined on the basis of the formula referred to in agenda item 2(a) under (ii); and
 - (b) a Cash Compensation to be determined on the basis of the formula referred to in agenda item 2(a) under (iv);
- (ii) in respect of the 755,287 stock options granted under the LTIP, with an exercise price of EUR 13.24 and a start of the vesting period on 31 January 2016:
 - (a) 755,287 stock options, with an exercise price to be determined on the basis of the formula referred to in agenda item 2(a) under (ii); and
 - (b) a Cash Compensation to be determined on the basis of the formula referred to in agenda item 2(a) under (iv);
- (iii) in respect of the 516,416 stock options granted under the LTIP, with an exercise price of EUR 19.3642 and a start of the vesting period on 31 January 2017:
 - (a) 516,416 stock options, with an exercise price to be determined on the basis of the formula referred to in agenda item 2(a) under (ii); and
 - (b) a Cash Compensation to be determined on the basis of the formula referred to in agenda item 2(a) under (iv).

The other elements of Mr. Goei's remuneration as previously granted or proposed to be granted, as reflected in the 2017 Management Report and the explanatory notes to the 2018 AGM agenda, remain unchanged.

This agenda item includes the delegation of the authority to determine the exact exercise price of the stock options referred to under (i)(a), (ii)(a) and (iii)(a) and the exact Cash Compensation referred to under (i)(b), (ii)(b) and (iii)(b) above, to the Remuneration Committee.

(c) **Proposal to amend the remuneration of Mr. Dennis Okhuijsen (voting item)**

This agenda item will only be put to a vote if agenda item 6 of the 2018 AGM agenda is adopted.

It is proposed to the General Meeting to amend the remuneration of Mr. Dennis Okhuijsen as per (i) the date of effectuation of the Separation or (ii) if the Separation has been effected prior

to the date of the EGM, as per the date of the EGM as follows, all in connection with and in line with the adjustment of the stock options as described in agenda item 2(a):

- (i) in respect of the 1,467,620 stock options granted under the SOP, with an exercise price of EUR 13.6275 and a start of the vesting period on 31 January 2015:
 - (a) 1,467,620 stock options, with an exercise price to be determined on the basis of the formula referred to in agenda item 2(a) under (ii); and
 - (b) a Cash Compensation to be determined on the basis of the formula referred to in agenda item 2(a) under (iv);
- (ii) in respect of the 129,104 stock options granted under the LTIP, with an exercise price of EUR 19.3642 and a start of the vesting period on 31 January 2017:
 - (a) 129,104 stock options, with an exercise price to be determined on the basis of the formula referred to in agenda item 2(a) under (ii); and
 - (b) a Cash Compensation to be determined on the basis of the formula referred to in agenda item 2(a) under (iv);

The other elements of Mr. Okhuijsen's remuneration as previously granted or proposed to be granted, as reflected in the 2017 Management Report and the explanatory notes to the 2018 AGM agenda, remain unchanged. The adjustment of (i) the performance criteria applicable to the cash performance bonus of Mr. Okhuijsen, as approved by the Company's annual general meeting held on 28 June 2017, and (ii) the terms and conditions of Mr. Okhuijsen's stock options granted under the Performance SOP, to take into account the effect of the Separation, will be proposed later this year.

This agenda item includes the delegation of the authority to determine the exact exercise price of the stock options referred to under (i)(a) and (ii)(a) and the exact Cash Compensation referred to under (i)(b) and (ii)(b) above, to the Remuneration Committee.

3. **Proposal to amend the remuneration of Mr. Michel Combes**

This agenda item will only be put to a vote if agenda items 6 and 10 of the 2018 AGM agenda are adopted.

It is proposed to the General Meeting to amend the severance package of Mr. Michel Combes in connection with the proposed Separation, and as further described under agenda item 2(a), as per (i) the date of effectuation of the Separation or (ii) if the Separation has been effected prior to the date of the EGM, as per the date of the EGM, as follows:

- vesting of 50% of the stock options granted to Mr. Michel Combes on 31 January 2016 under the SOP (being 1,418,104 stock options, each for one Common Share A of the Company, with an exercise price to be determined on the basis of the formula referred to in agenda item 2(a) under (ii), and a Cash Compensation to be determined on the basis of the formula referred to in agenda item 2(a) under (iv)).

The other element of Mr. Michel Combes proposed severance package as included in the explanatory notes under agenda item 10 of the 2018 AGM agenda, as well as the vesting of the above stock options (i.e. immediately after the 2018 AGM and such stock options being exercisable until four years thereafter) remain unchanged.

This agenda item includes the delegation of the authority to determine the exact exercise price of the stock options and the exact Cash Compensation referred to above, to the Remuneration Committee.