Altice N.V.

Annual Report 2016

Prins Bernhardplein 200

1097 JB Amsterdam

The Netherlands

Letter from the CEO

Dear Shareholders,

2016 has been an historic year for Altice. Notably we completed the acquisition of Cablevision and, combined with Suddenlink, created Altice USA, our American subsidiary. Furthermore, we made significant progress in the integration of the assets of the Group in France, Portugal, the Dominican Republic and Israel. In every country in which we operate, major projects have been announced to improve customer experience and offer our customers the best speed, the best quality, the best networks, the best services and the best content. The Group is now starting 2017 following great achievements in 2016 and we are looking forward to the completion and integration of many projects.

I would like to recall some of the Groups' achievements in 2016 without being exhaustive.

Altice Way

We have announced our intention to further strengthen our industrial and operational strategy following our transformation into a leading transatlantic communications and media group and to make our core strategic, operational and technical capabilities available to Altice's subsidiaries in a more centralized manner to maximize the powerful impact on their operational and financial performance.

Altice's subsidiaries will benefit even more from the know-how, methodologies, best practices, processes and unique services of Altice's management team.

The Altice model or "Altice Way" includes, amongst others, the following core areas of expertise:

- improving network quality, upgrading and building out very high speed communications networks;
- improving customer relationship management and maximizing customer experience, notably by leveraging efficient IT platforms, focusing on digitalization and simplifying processes;
- leveraging Altice's international media and content organization as part of our global ambition of convergence;
- delivering to our customers the best news channels, the best sport content, the best documentary programs and creating the best series and movies;
- delivering key technology services and market-leading research and development through Altice Labs, the Group's global research and development arm, promoting innovation and transforming technical knowledge into marketable competitive advantages (including the creation and monetization of world-class data analytics);
- developing, launching and integrating new products, services and business models, including the creation of the next generation communications access and content convergence platforms with market-leading home hubs;
- leveraging branding, sales and marketing strategies and synergies; and
- selecting strategic suppliers and improving technical and commercial negotiations through centralized procurement to leverage Altice's global scale.

To strengthen its important capabilities in the context of this updated strategy, Altice announced the creation of two new divisions, Altice Technical Services and Altice Customer Services, following the insourcing of historical suppliers.

The acquisition of Cablevision and the creation of Altice USA

On June 21, 2016, Altice completed the acquisition of Cablevision Systems Corporation, the leading communications service provider in the New York metropolitan area. Cablevision together with Suddenlink form Altice USA, the fourth largest cable operator in the United States, which serves more than 4.6 million Cablevision and Suddenlink customers across 20 states.

Altice USA is committed to serving its US customers with superior and innovative products, service, and compelling integrated news and content. The completion of the Cablevision transaction and the creation of Altice USA drive investments into the business while providing full access to the operational expertise, technology, and resources of Altice's international operations.

Among other initiatives, Altice USA is committed to:

- upgrade Cablevision and Suddenlink cable networks to a next-generation fiber-to-the-home (FTTH) network;
- introduce a low-income broadband offering; and
- deploy a new home communications hub in the second quarter of 2017 that will offer an innovative user interface, network apps, "TV Everywhere," voice control and a dynamic platform that consolidates the features of a set-top box, broadband modem and wireless router into a single device in order to further enhance the customer's experience.

Generation GigaSpeed in the US

At the end of 2016, Altice USA announced its intention to invest further in its business by building a next-generation fiber-to-the-home network capable of delivering broadband speeds of up to 10 Gbps across its entire Cablevision footprint and part of its Suddenlink footprint. Altice USA will extend fiber deeper into its existing hybrid fiber coax (HFC) network and leverage cutting-edge and proprietary technologies developed by Altice Labs to create its state-of-the-art system. This full-scale initiative reflects Altice's investment in technology and innovation across the globe and reinforces its commitment to Altice USA's Cablevision and Suddenlink residential and business customers.

Altice USA is the first major US cable provider to announce a large-scale fiber deployment plan for its footprint.

Network investments in France and Portugal

With SFR and PT Portugal being strong players in the markets in which they each operate, we have made extensive plans to accelerate the pace of our fiber build-out in both France and Portugal, and 4G network in France, which actively contributes to the development and competitiveness of the two companies. This decision further reinforces Altice's strategic focus on continuing to be the market leader in fiber and 4G infrastructure, technology innovation and customer experience in each market in which it operates.

In France, 2016 was marked by an historic pace of deployment, unparalleled in the French telecoms market. With 5,248 new sites, SFR has switched on more new 4G sites than any other operator and increased its 4G coverage by 17% to cover 81% of the French population at the end of 2016. In the past year, SFR more than doubled its network of 4G base stations in France. We expect this intense pace to continue in 2017, enabling SFR to offer 4G to 90% of the French population by the end of the year.

In the course of 2016, 1.6 million homes and business premises were made eligible for fiber (FTTB/FTTH). In one year, 270 municipalities have benefited from the arrival of fiber, which brings the number of districts with access to SFR fiber services to more than 1,300.

SFR is France's leading FTTB/FTTH provider with more than 9.3 million eligible connections and intends to continue to make significant investments in order to stay ahead of its competitors with its rollout plan to reach 11 million eligible connections in 2017.

In Portugal, PT Portugal rolled out over 700,000 new fiber (FTTH) homes passed in 2016 to reach a total of over 3 million eligible connections. With this accelerated build-out, we believe that PT Portugal is well on track to reach its target of 5.3 million FTTH homes passed by 2020.

Launch of Altice Labs

Altice launched 'Altice Labs', an initiative which aims at centralizing the Group's R&D and innovation policy. Altice Labs - connected with universities and startups ecosystems - allows the Group to build the future of the technology for its operating subsidiaries and customers.

The new corporate organization

Following the acquisition of Cablevision, a new Group management structure was designed to reflect the global presence of Altice N.V. centered around each of Europe and the US and to ensure critical senior leadership, entrepreneurial spirit and best-in-class management in both regions. The new structure enables the Group to

continue its dynamic development while increasing effective collaboration and leveraging the benefits of a global group.

Dexter Goei was appointed as Chairman and CEO of Altice USA. He stepped down as CEO of Altice N.V. in order to focus his leadership on the successful integration of Cablevision and Suddenlink within Altice and the further development of Altice USA as the dynamic growth platform in the Group. Dexter Goei replaced Patrick Drahi as President of Altice N.V. and continues to lead Altice's global M&A related activities.

I was appointed CEO of Altice N.V., with a particular focus on corporate organization, operational excellence, service innovation and group collaboration.

Patrick Drahi now leads the Altice's Group Advisory Council, which advises the Board and the management of Altice on the strategic, operational and technological agenda for the Group.

Refinancing activities

2016 demonstrates Altice's commitment to proactively manage its liabilities across every credit pool, including improving its maturity profile. During 2016, the Group refinanced over €21 billion equivalent of its debt, extending the weighted average life of its debt by 18 months while keeping the average cost of debt constant. Altice is very pleased by the continued strong demand for its debt across loan and bond markets and across different geographies, as it shows evidence of broad support by the capital markets of Altice's strategy.

Our global convergent strategy

We believe the time is right for successful convergence: the technology performs, the networks are powerful and digital tools have become central to our lifestyles. The evolution of media's and telecommunication's business models makes these two industries' alliance inevitable, if they are to rise to the challenges ahead.

With convergence, Altice becomes a true content publisher, notably in France with several concrete announcements:

- SFR Presse - unlimited access to the press

  18 million SFR customers can access on any screen a broad, diversified, high-quality range of 65 magazines and dailies. With this application, Altice reinvents a new economic model for the press sector.

- SFR Sport - a bundle of new sports channels and the SFR Sport app

  Leveraging the rights acquired to national and international sports events, SFR consolidated its strategic positioning with the launch of a bundle of five channels entirely dedicated to sports. With more than 100 disciplines, over 1,000 events and 3,000 hours of live coverage, they provide customers and fans with a unique viewing experience, thanks to a broad choice of exclusive content and events covered by the best journalists and sports consultants.

- SFR News - France's TV news hub

  Already a leader of 24-hour news with BFM TV, BFM Business and i24news, the Group introduced two new channels: BFM Sport in June 2016 and BFM Paris in November 2016. Offering general, local, sports, business and international news, Altice delivers a novel experience of TV and news. Altice is continuing to develop its news channel expertise with the launch i24news in the US on February 13, 2017.

- SFR Play - a broad choice of quality entertainment

  The world of SFR Play invites customers to enjoy the best entertainment, with the greatest dedicated channels and many shows for the whole family (TV series, cinema channels, discovery, etc.), both live and in replay mode. In 2016, Altice offered the best content to its customers in France: Medici, Masters of Florence, Sirens, Zagouri Empire, Taken, the partnership with NBC Universal and Discovery, etc.

- Altice launched both Altice Studios, to create original series, and Altice Channel Factory, to create additional new channels, further extending its convergence strategy.

The above-named initiatives and projects have further enabled us to grow our businesses organically and enhance our operational performance, complementing our successful M&A activity. Our ambition is to strengthen our businesses further and to continue to develop our international group offering to give our customers the best networks, the best experience, the best services, the best content and the best quality.

Michel Combes, CEO

April 7, 2017

ANNUAL REPORT 2016 – ALTICE N.V.

Table of contents

MANAGEMENT REPORT 2016 – ALTICE N.V. 7

1 PRINCIPAL ACTIVITIES OF THE GROUP 7

1.1 Overview of the Group's business 7
1.2 Products, services and brands 7
1.3 Activities 9
1.4 Marketing and sales 12
1.5 Customers 12
1.6 Competition 13

2 STRATEGY AND PERFORMANCE 14

2.1 Objectives 14
2.2 Strategy of the Company 14
2.3 Corporate social responsibility 17
2.4 Group financial review 21
2.5 Discussion and analysis of the results and financial condition of the Group 25
2.6 Future developments 43
2.7 Risk management and control 45

3 GOVERNANCE 60

3.1 Introduction 60
3.2 The Board 61
3.3 The Group Advisory Council 68
3.4 Maximum number of supervisory positions of Board Members 68
3.5 Deviation from the Dutch gender diversity requirement 68
3.6 Comply or explain 69
3.7 Capital, Shares and voting rights 72
3.8 Other corporate governance practices 79

4 BOARD STATEMENTS 81

4.1 Corporate governance statement 81
4.2 In control statement 81
4.3 Responsibility statement 81

5 NON-EXECUTIVE REPORT 83

5.1 Introduction 83
5.2 Evaluation 84
5.3 Remuneration Report 86
5.4 Audit Committee 96

APPENDIX 1: DEFINED TERMS 97

APPENDIX 2: GLOSSARY 110

FINANCIAL STATEMENTS **114**

I. CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016 .... **115**

II. STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016 .... **216**

III. OTHER INFORMATION **233**

3.1 Independent auditor's report on financial statements 233

3.2 Statutory provisions concerning appropriation of result 244

3.3 Appropriation of result for the year 244

3.4 Subsequent events 244

MANAGEMENT REPORT 2016 – ALTICE N.V.

(for the financial year ended December 31, 2016)

This management report as referred to in Section 2:391 of the Dutch Civil Code (the "**Management Report**") has been prepared in compliance with the requirements of Dutch law, including the Dutch Corporate Governance Code.

1 PRINCIPAL ACTIVITIES OF THE GROUP

1.1 Overview of the Group's business

The Group is a multinational cable, fiber, mobile, telecommunications, content and media group operating in Western Europe (comprising France, Portugal, Belgium, Luxembourg[1] and Switzerland), the United States of America ("**US**"), Israel, the Dominican Republic and the French overseas territories (comprising Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte (the "**French Overseas Territories**")). The parent company of the Group is Altice N.V. (the "**Company**") which succeeded to Altice S.A. pursuant to a cross-border merger completed on August 9, 2015 (the "**Merger**").

The Group has expanded internationally through a number of acquisitions of telecommunications businesses, including: SFR and PT Portugal in Western Europe; HOT in Israel; Altice Hispaniola and Tricom in the Dominican Republic; and Cequel Corporation, which, through its subsidiary Cequel Communications, LLC, operates the 'Suddenlink' brand in the US. On June 21, 2016, the Group completed the acquisition of Cablevision in the US. The Group's acquisition strategy has allowed it to target cable, fiber-to-the-home ("**FTTH**") or mobile operators with what it believes to be high-quality networks in markets the Group finds attractive from an economic, competitive and regulatory standpoint and to create value at the acquired businesses by implementing operational improvements and leveraging economies of scale, as well as pursuing in-market consolidation and attractive diversification with B2B, DSL and mobile add-on opportunities. Furthermore, the Group has been able to grow the businesses that it acquired organically by focusing on reinvesting cost savings to improve the quality of its networks and services. Moreover, as part of its innovative strategy, the Group is also focusing on the convergence of telecoms, media, content and advertising, to offer more and more value to its customers. As part of this strategy, the Group acquired a strategic interest of 49% in NextRadioTV S.A. ("**NextRadioTV**") and the Group acquired Altice Media Group France S.A.S. ("**Altice Media Group**"), which was renamed SFR Presse S.A.S. in October 2016.

1.2 Products, services and brands

Through its various Group Companies, the Group provides fixed services, mobile telephony services (other than in the US) and media and advertising services to B2C and B2B customers in all of the geographies in which it operates. In addition, the Group offers a variety of wholesale and other services across its footprint. The Group also invests in specific content to supplement and enrich the services the Group provides.

The Group's fixed services (high-quality pay TV, broadband Internet and fixed line telephony) are mainly provided over its cable- and fiber-based network infrastructure which are either DOCSIS 3.0, DOCSIS 2.0 or FTTH enabled, offering download speeds of between 30 Mbps and 1 Gbps depending on geography. For example, as of December 31, 2016, the Group had total pay TV RGUs of 6.8 million, total broadband RGUs of 7.1 million and total fixed line telephony RGUs of 5.8 million. Furthermore, on a blended basis, as of December 31, 2016, the Group's high speed broadband services passed 23.9 million cable/fiber homes, with 8.2 million Cable/Fiber Customer Relationships and total cable/fiber RGUs of 19.8 million. To a lesser extent, the Group offers xDSL/DSL/DTH services, with 5.4 million xDSL/DSL/DTH unique customers and 13.3 million xDSL/DSL/DTH RGUs for the year ended December 31, 2016. The Group also offers mobile services in the geographies in which it operates, through 2G, 3G and 4G Long-Term-Evolution ("**LTE**") technology, and, on a blended basis, as of December 31, 2016 the Group had 26.0 million mobile B2C customers (of which 17.1 million were post-paid customers).

[1] On December 22, 2016, the Company and its indirect subsidiary Coditel Holding SA entered into an agreement to sell the Group's Belgian and Luxembourg telecommunication businesses, which are operated by Coditel Brabant SPRL and Coditel S.à r.l., to Telenet Group BVBA, a direct subsidiary of Telenet Group Holding N.V.

In all geographies in which the Group provides mobile telephony services, the Group is focused on the convergence of fixed and mobile services by cross-selling and up-selling its offerings to further increase its multi-play penetration. The Group's cable, fiber and mobile technologies enable it to offer premium digital services, attractive interactive features (such as its 'MEO Go!' offering in Portugal) and local content (*e.g.*, through its 'HOT 3' channel in Israel) to its subscribers, including exclusive football rights in France and Monaco for the English Premier League. The Group has leveraged its network advantage to drive its multi-play strategy and offer an attractive combination of content, speed and functionality. The Group offers its B2C customers bundled double- and triple-play services, which comprises paying for a combination of TV, broadband Internet access and fixed line telephony services (*e.g.*, through its 'Box Home de SFR' offering in France) at what the Group believes are attractive prices. The Group believes the demand for its multi-play packages is primarily driven by the inherent quality of the various products included in them, which the Group believes are among the best available in the markets in which it operates. Although the Group believes its products offer the best value for money and cost-savings for customers when purchased as part of multi-play packages, the Group typically also offers most of these services on a stand-alone basis in most of its geographies. In some markets, such as France and Portugal, the Group offers quad-play bundles including mobile services, as well.

The Group is also focused on strategically developing content to complement its fixed and mobile services with exclusive or high-quality content offerings. For example, the Group has entered into a strategic joint partnership with NextRadioTV, to invest in media companies and to accelerate the development of multimedia projects in both France and other international markets. Furthermore, the Group recently acquired Altice Media Group, a French media group which publishes newspapers such as Libération and L'Express and operates the international news channel i24news. Moreover, the Group's recently-launched 'SFR Play' offers the largest catalogue of video on demand ("**VoD**") content in France and the Group continues to develop and offer content through its 'HOT 3' channel (in Israel) and its subsidiaries Ma Chaîne Sport and Altice Entertainment News & Sport (the "**Content Distribution Division**"). In addition, the Group has acquired the exclusive right to broadcast and distribute various premium sports events, including the English Premier League, French National Basketball games, ski world championship events, Rugby Premier League fixtures, French Athletics Federation events and World Series of Boxing events. Leveraging the rights acquired to these national and international sports events, the Group consolidated its strategic positioning in France with the launch of a bundle of five channels entirely dedicated to sports.

Separately, the Group has formed a partnership with Discovery Communications to launch two new exclusive channels in France: Investigation Discovery and Discovery Family. In addition, this partnership will allow SFR Group Business to distribute Discovery Channel and Discovery Science (the number one factual pay TV channel in France) with exclusivity for both of these existing channels from January 17, 2017 onwards. The Group has also entered into a new strategic agreement with NBCUniversal International which will give the Group exclusive distribution of the three NBCUniversal channel brands in France Metropolitan, as from March 22, 2017: 13ème rue, Syfy, and E! Entertainment Television. In addition, as from July 1, 2017, SFR Group Business will offer films produced by NBCUniversal, including future titles within key franchises such as *Jason Bourne*, *Fast & Furious* and *Despicable Me*.

The Group has also announced the creation of a new channel in France, to be entirely dedicated to cinema and television series, including brand new releases, which will broadcast the NBCUniversal catalogue and other French and European productions. In addition, the Group has launched both Altice Studios, to create original series, and Altice Channel Factory, to create additional new channels.

The Group intends to continue to selectively invest in more value added premium content in the future to differentiate its telecoms bundles.

The Group markets its products and services under the following brands: 'SFR' in France; 'HOT' in Israel; 'MEO' and 'M4O' in Portugal; 'Tricom' in the Dominican Republic; and, in each case, several associated trademarks. Furthermore, in the Dominican Republic, the Group has the right to use the 'Orange' brand pursuant to a brand license agreement with Orange Brand Services Limited. In addition, with the recent acquisitions of Suddenlink and Cablevision, the Group has added the 'Suddenlink' and 'Optimum' brands to its international portfolio.

The Group is currently evaluating the additional benefits that may accrue from the adoption of a global brand, which communicates more clearly Altice's global strategy as an innovator, disruptor and a provider of superior next generation services to its customers. This may include harmonizing and changing existing brands in countries in which the Group operates to share a new global identity. If adopted, this new brand strategy will be implemented by amending trademark license agreements in place across the Group or establishing new agreements.

The Group's portfolio in each of the regions in which it operates is set forth below.

Geographic Area	Western Europe			United States	Israel	Dominican Republic	French Overseas Territories[1][2]	Other[4]
Countries of Operation	France	Portugal	Belgium and Luxembourg[1]	United States	Israel	Dominican Republic	French Overseas Territories	Various
Bundling Strategy	4P	4P	4P/3P	3P	3P+Mobile	4P	4P	N/A
Mobile Services Offered	■ 2G, 3G, 4G-LTE, 4G-LTE+ ■ B2B Services ■ Wholesale services	■ 2G, 3G, 4G-LTE, 4G-LTE+ ■ B2B Services ■ Wholesale services	■ 2G, 3G, 4G (MVNO mobile services (Belgium only)) ■ B2B Services	N/A	■ UMTS 2G, 3G, 4G-LTE ■ B2B iDEN mobile services	■ 2G, 3G, 4G-LTE ■ B2B Services	■ UMTS 2G, 3G, 4G-LTE[3] ■ B2B Services	N/A
Fixed (Very-High-Speed Fixed/FTTH/ xDSL) Services Offered	■ Pay TV ■ Broadband internet ■ Fixed line telephony ■ B2B services ■ Wholesale services	■ Pay TV ■ Broadband internet ■ Fixed line telephony ■ B2B services ■ Wholesale services	■ Pay TV ■ Broadband internet ■ Fixed line telephony ■ B2B services	■ Pay TV ■ Broadband internet ■ Fixed line telephony ■ B2B services ■ Wholesale services	■ Pay TV ■ Broadband internet ■ Fixed line telephony ■ Infrastructure access ■ ISP ■ B2B services	■ Pay TV ■ Broadband internet ■ Fixed line telephony ■ B2B services	■ Pay TV ■ Broadband internet ■ Fixed line telephony ■ B2B services	■ B2B services
Content[5]	■ Television, radio and news content	■ Television content	■ Television content	■ Television content ■ News content	■ Television content ■ Local Israeli content	■ Television content	■ Television content	N/A

(1) The Group provides its fixed services in Belgium and Luxembourg and the French Overseas Territories under the SFR brand licensed from SFR. On December 22, 2016, the Company and its indirect subsidiary Coditel Holding SA entered into an agreement to sell the Group's Belgian and Luxembourg telecommunication businesses, which are operated by Coditel Brabant SPRL and Coditel S.à r.l., to Telenet Group BVBA, a direct subsidiary of Telenet Group Holding N.V.
(2) The Group provides pay TV, fixed line telephony and Internet access services over its unbundled xDSL network in certain parts of the French Overseas Territories under the SFR brand.
(3) In the French Overseas Territories, the Group markets its mobile services under the SFR brand. In connection with the acquisition of SFR in 2014, the Group disposed of mobile network assets in La Réunion and Mayotte on July 31, 2015.
(4) Other includes business and datacenter operations in Switzerland (Green and Green Datacenter) and datacenter operations in France and Portugal.
(5) Through its Content Distribution Division, the Group produces and broadcasts a diverse range of content and offers such content as part of its pay TV packages in several of its geographies. In addition, the Group acquired a strategic interest in NextRadioTV, a leading French media company which owns several TV and radio channels, and the Group acquired Altice Media Group, a French media group which publishes newspapers such as Libération and L'Express and operates the international news channel i24news.

1.3 Activities

The Group tracks the performance of its business by geography and further analyzes its revenues by activity. The Group has identified the following activities: fixed B2C, fixed B2B, mobile B2C, mobile B2B, wholesale and other.

1.3.1 Fixed B2C

The Group offers a variety of fixed B2C services, primarily as part of multi-play packages, with available offerings depending on the bandwidth capacity of its cable and fiber networks in a particular geography (which consist primarily of hybrid fiber coaxial ("**HFC**") infrastructure).

The Group has a high-quality cable- and fiber-based network infrastructure across the geographies in which the Group operates. The Group's HFC networks are DOCSIS 3.0-enabled, which the Group believes allows it to offer attractive and competitive services in terms of picture quality, speed and connection reliability. The Group

believes that with its HFC and FTTH technologies, it is well positioned for future technological developments, making it possible for the Group to increase broadband Internet download and upload speeds exceeding those offered by competing technologies and without making significant additional investments.

Pay TV

Across its geographies, the Group offers digital television services which include basic and premium programming, and, in most markets, incremental product and service offerings such as enhanced pay-per-view programming, including VoD and near-VoD ("**NVoD**"), digital video recorders ("**DVR**"), HD television ("**HDTV**") services and, in some cases, exclusive content. The Group's cable networks enable it to offer interactive digital services to most of its customers. The Group's pay TV offerings include content and channels purchased from a variety of local and foreign producers and the Group continues to focus on broadcasting high-quality content over all of its cable networks as well as producing its own original content. To ensure the Group caters to local demand for content, it tailors both its basic and additional channel offerings to each country of operation according to culture, demographics, programming preferences and local regulation. As of December 31, 2016, the Group had 6.8 million pay TV RGUs (over its cable- and fiber-based network infrastructure) across its geographies (representing 83% penetration of its Cable/Fiber Customer Relationships).

Broadband Internet access and fixed line telephony

The Group provides broadband Internet access and fixed line telephony services across its cable, fiber (and in certain areas xDSL) footprint, with a majority of homes passed benefitting from download speeds of at least 100 Mbps. In the short-to-medium term, it expects that the portions of its networks that are DOCSIS 3.0-enabled can offer download speeds of up to 400 Mbps with limited network and customer premises equipment upgrades given the existing technological capability of its networks. This technological capability can be realized with relatively low levels of capital expenditure and will enable it to better meet the needs of its residential and corporate customers who demand higher download speeds. However, across the US, France and Portugal, the Group is upgrading its networks for next-generation FTTH technology which will deliver download speeds up to 10 Gbps as well as reducing operating costs of running and maintaining its networks and services. As of December 31, 2016, the Group provides broadband Internet to 7.1 million B2C customers (over its cable- and fiber-based network infrastructure) across its geographies (representing 87% penetration of its Cable/Fiber Customer Relationships).

The Group's fixed line telephony services are based on either PacketCable or voice-over-Internet-Protocol ("**VoIP**") technologies. The Group offers a wide range of telephony packages and its triple-play offers tend to include flat-rate telephony packages with a significant number of minutes of use included in the price. The Group provides national and international connectivity to its customers either through its own interconnection capabilities or through its partners. The Group intends to phase out stand-alone telephony packages as its strategy is to offer fixed line telephony as an add-on product in its multi-play packages.

In its fixed B2C business, the Group believes advanced customer premises equipment is playing an increasingly crucial role as it enhances customer experience by facilitating access to a wide range of user-friendly features, offers a reliable channel for selling add-on and on-demand services, allows for multi-screen television viewing and broadband Internet usage by multiple parties. Furthermore, when set-top boxes, modems and other customer premise equipment are combined in one box, it allows cable operators to significantly reduce customer service expenses. Accordingly, the Group has continued to roll out 'LaBox', its most advanced set top box, in its Western European businesses. LaBox is an innovative integrated set-top box and cable router offered to customers subscribed to the Group's premium multi-play packages. It can deliver very-high-speed Internet, digital television services with a capacity of up to 300 channels and fixed line telephony with two telephone lines, has four tuners to allow subscribers to record two television programs simultaneously while watching still another (as well as watching different channels in different rooms), and has HD and 3D capability. Additional features include an optional Blu-Ray DVD player, access to social networking features such as Facebook and Twitter on television and a VoD price comparison engine and intelligent content search. Smartphones and tablets can act as 'remote controls' for LaBox, allowing users to navigate the interface with their personal handheld device as well as to switch on and off the recording of television programs remotely through the application 'TV Mobile'. The Group expects that through LaBox it will be able to increase the Average Revenue Per User ("**ARPU**") by attracting new premium package customers and prompting existing customers to upgrade to the Group's premium packages which offer LaBox as standard. The Group expects that LaBox will also promote the sales of its other premium services.

1.3.2 Fixed B2B

The Group offers focused fixed B2B services to large, medium, small and very small business customers in France, the United States, Portugal, the Dominican Republic and other geographies. In Israel, the Group's B2B services primarily consist of enhanced versions of the Group's B2C products which are adapted to meet the need of its B2B customers.

1.3.3 Mobile B2C

The Group owns and operates mobile infrastructure in most of its geographies, including France, Portugal, Israel and the Dominican Republic. The Group primarily services the post-paid subscriptions market, for example through its 'Formules Carrées' and 'RED' offerings in France, which represented approximately 66% of the Group's mobile customer base on a blended basis as of December 31, 2016, and, to a less extent, the prepaid market. Depending on geography and network technology deployed, the Group offers 2G, 3G and/or 4G-LTE services on a variety of plans, from 'no frills' offers with no commitment or handset, to premium mobile telephony offers with varying voice and data limits, if any, at attractive prices. In some of the Group's markets it provides wireless broadband plans through a nomadic broadband Internet, giving customers access to the Group's very-high-speed mobile networks.

As of December 31, 2016, on a blended basis across geographies where the Group is active, it offered mobile services to 26.0 million B2C customers. In Israel, due to current regulations, the Group offers its mobile services only on a stand-alone basis and in a bundle with ISP services and not as part of a multi-play cable offering.

1.3.4 Mobile B2B

The Group offers focused mobile B2B services to large, medium, small and very small business customers. The Group's B2B mobile products often include professional telephony services (such as business directory services, fleet management customer areas, usage alerts and financial management solutions) with devices chosen to respond to the needs of professionals and 24-hour on-site exchange service. As of December 31, 2016, the Group offered mobile services to 2.0 million B2B customers in France and 1.1 million B2B customers in Portugal (excluding M2M customers).

1.3.5 Wholesale services

The Group offers some wholesale services across its geographies, including interconnection services to other operators, and sells wholesale cable and xDSL services to other telecommunications operators who resell such services under their own brands.

In addition, thanks to the launch of Altice Studios to create original series and Altice Channel Factory to create additional new channels, the Group may offer original content and channels to other telecommunications operators or third parties, therefore becoming a wholesale player in both infrastructure and content.

1.3.6 Other

The Group offers a number of other services, depending on geography, such as bulk services to housing associations and multiple-dwelling unit managers, cloud storage such as on-demand IaaS services, computer security services and storage and backup solutions. In various jurisdictions in which the Group operates it also generates revenues from selling advertising time to national, regional and local customers.

In addition, the Group has recently implemented the 'Altice Labs' initiative, which is the Group's state-of-the-art research and development center that aims to centralize and streamline innovative technological solutions development for the entire Group ("**Altice Labs**").

The Group is also focused on strategically developing content to complement its fixed and mobile services with exclusive or high-quality content offerings. Through its Content Distribution Division, the Group produces and broadcasts a diverse range of content including live broadcasts of sports events and other sports-, health- and wellbeing-related programs as well as the new sports programming for which the Group has acquired broadcasting rights, including the English Premier League, French National Basketball games, ski world championship events,

Rugby Premier League fixtures, French Athletics Federation events and World Series of Boxing events. Leveraging the rights acquired to these national and international sports events, the Group consolidated its strategic positioning in France with the launch of a bundle of five channels entirely dedicated to sports. The Group offers the channels distributed by its Content Distribution Division as part of its pay TV packages in several of its geographies and also distributes them to third party service providers. The Group also continues to develop and offer content in Israel through its 'HOT 3' channel. Moreover, the Group has broadened its media presence with the acquisition of a strategic interest in NextRadioTV and the acquisition of Altice Media Group (currently known as SFR Presse). Separately, the Group has formed a partnership with Discovery Communications and NBCUniversal to distribute exclusive channels in France, and has also announced the creation of a new channel, to be entirely dedicated to cinema and series, which will broadcast the NBCUniversal catalogue and other French and European productions.

1.4 Marketing and sales

The Group's marketing divisions use a combination of individual and segmented promotions and general brand marketing to attract and retain subscribers. It markets its B2B services to institutional customers and businesses such as large corporates, governmental and administrative agencies, small- and medium-sized businesses, nursing homes, hospitals and hotels. The Group's primary marketing channels are media advertising including commercial television, telemarketing, e-marketing, door-to-door marketing, billboards, newspaper advertising and targeted mail solicitation. The Group continuously evaluates its marketing channels, to allocate its resources most efficiently. The Group's marketing strategy is based on increasing the penetration of multi-play services within its subscriber base, increasing distribution of television-based value-added services and ensuring a high level of customer satisfaction in order to maintain a low churn rate. The Group highlights its multi-play offerings in its marketing efforts and focuses on transitioning its analog and digital video-only customers to multi-play packages. The Group believes customers who subscribe for more than one service from it are significantly more loyal. The Group's marketing and sales efforts are always geared towards demonstrating the high-quality and speed of its networks.

The Group uses a broad range of distribution channels to sell its products and services throughout its operations, including retail outlets owned and run by the Group, retail outlets owned and run by third parties, dedicated sales booths, counters and other types of shops, door-to-door sales agents, inbound and outbound telesales and, in certain countries, its websites.

1.5 Customers

1.5.1 Customer contracts and billing

The Group typically enters into standard form contracts with its B2C customers. The Group reviews the standard rates of its services on an on-going basis. In certain of its geographies, in addition to the monthly fees the Group charge, customers generally pay an installation fee upon connection or re-connection to the Group's cable network. The terms and conditions of the Group's contracts, including duration, termination rights, the ability to charge early exit fees, and the ability to increase prices during the life of the contract, differ across the Group's operations primarily due to the different regulatory regimes it is subject to in each of the jurisdictions in which it operates.

The Group monitors payments and the debt collection process internally. The Group performs credit evaluation of its B2C and B2B subscribers and undertakes a wide range of bad debt management activities to control its bad debt levels, including direct collections executed by its employees, direct collections executed in co-operation with third party collection agencies, and pursuit of legal remedies in certain cases.

1.5.2 Customer service

The Group's customer service strategy is to increase customer satisfaction and decrease churn with high product quality and dedicated service offered through locally and internationally operated service centers and personnel. The Group has vertically integrated one of its main historical customer care suppliers, Intelcia Group S.A., as well as one of its main historical suppliers in the area of the network deployment, Parilis S.A., in order to have more end-to-end control over processes and to optimize its operational risks and costs. The integration of Intelcia Group S.A. and Parilis S.A. will enhance the Group's expertise in these areas and ensure further quality of service improvements to its 50 million customers. The Group has also launched and partially implemented initiatives aimed at improving its customers' experience, including enhanced customer relationship management systems,

which allow the Group to better manage new subscribers, identify customers at risk of churning, handle complex customer issues, offer special retention offers to potential churners and repayment plans to insolvent customers.

1.6 Competition

In each of the geographies and industries in which the Group operates, the Group faces significant competition and competitive pressures. Certain markets, such as France, are very mature markets, with a limited number of new subscribers entering the market. Moreover, the Group's products and services are subject to increasing competition from alternative new technologies or improvements in existing technologies.

With respect to its B2C activities, the competition that the Group faces from telephone companies and other providers of DSL, VDSL2 and fiber network connections varies between geographies in which the Group offers its services. With respect to pay TV services, the Group is faced with growing competition from alternative methods for broadcasting television services other than through traditional cable networks. For example, online content aggregators which broadcast over-the-top ("**OTT**") programs on a broadband network, such as Internet competitors Amazon, Apple, Google and Netflix, are expected to grow stronger in the future. Connected or 'smart' TVs facilitate the use of these services. With respect to the fixed line and mobile telephony markets, the Group experiences a shift from fixed line telephony to mobile telephony and faces intensive competition from established telephone companies, mobile virtual network operators ("**MVNOs**") and providers of new technologies such as VoIP.

In the competitive B2B data services market, price pressure has been strong. Conversely, the use of data transmission services has significantly increased. The Group is currently facing competition from software providers and other IT providers of data and network solutions, and the line between them and the suppliers of data infrastructure and solutions like the Group has become increasingly blurred. Partnerships between IT providers and infrastructure providers are becoming more and more common, and are an additional source of competition but also an opportunity. Being able to face the competition efficiently depends in part on the density of the network, and certain competitors of the Group have a broader and denser network. In recent years, the B2B market has experienced a structural change marked by a move from traditional switched voice services to VoIP services.

The following is an overview of the competitive landscape in certain key geographies in which the Group operates:

France

In the French pay television market, the Group competes with providers of premium television packages such as CanalSat, DSL triple play and/or quad-play operators such as Orange, Free and Bouygues Telecom, which provide Internet Protocol TV ("**IPTV**"), and providers of pay digital terrestrial television ("**DTT**"). In the broadband market, the Group competes primarily, though increasingly with fiber, with xDSL providers such as Orange (the leading DSL provider in France), Free and Bouygues Telecom. The Group's competitors continue to invest in fiber network technology which has resulted in additional competition to its fiber-based services. In the French mobile telephony market, the Group competes with well-established mobile network operators such as Orange, Bouygues Telecom and Free, as well as other MVNOs such as La Poste. In particular, price competition has intensified since entry into the market by Free in early 2012 with low-priced no-frills packages.

United States

In the US, the Group's video business faces competition primarily from direct broadcast satellite ("**DBS**"), service providers, principally DirecTV and DISH. Telephone companies, including AT&T, CenturyLink, Frontier and Verizon, and utility companies are capable of offering video and other services in competition with the Group. In 2015, AT&T acquired DirecTV, the nation's largest DBS provider, creating a large competitor to the Group's cable services which has the ability to offer bundled wireless offerings. In addition, content owners, such as HBO, CBS and Nickelodeon, are increasingly utilizing Internet-based delivery of content. With respect to its high-speed Internet service, the Group faces competition from telephone companies and other providers of DSL, such as AT&T, CenturyLink, Frontier and Verizon.

Portugal

In Portugal, the Group faces competition from Vodafone Portugal, NOS SGPS, S.A. and Nowo (formerly known as Cabovisão and which the Group disposed of in January 2016) in both the fixed and mobile markets. In the fixed telephony market, the Group faces an erosion of market share of both access lines and outgoing domestic and international traffic due to the trend towards the use of mobile services instead of fixed telephone services. Competition in the fixed line telephony market is intensified by mobile operators such as NOS SGPS, S.A. and Vodafone Portugal who can bypass PT Portugal's international wireline network by interconnecting directly with fixed line and mobile networks either in its domestic network or abroad.

Israel

In Israel, in the pay TV market, the Group's main competitor is D.B.S. Satellite Services (1998) Ltd, a subsidiary of Bezeq, which provides satellite technology based television services under the brand "YES". The Group's high-speed broadband Internet infrastructure access service competes primarily with Bezeq, which provides high speed broadband Internet access over DSL and holds the highest market share in broadband Internet infrastructure access in Israel. Bezeq is also the Group's main competitor in the fixed-line telephony market as the largest provider of fixed line telephony services. The Group's Israeli mobile service, HOT Mobile, competes with several principal mobile network operators, including Cellcom, Partner, Pelephone and Golan Telecom, and MVNOs.

Dominican Republic

In the Dominican Republic, the Group's key competitors in the pay TV business are Claro, cable operator Aster and Wind Telecom. In the broadband Internet and fixed line telephony markets, Tricom is the second largest provider next to the incumbent Claro, the Group's main competitor, with national market shares of approximately 26.25% and 22.5%, respectively, as of December 31, 2016, according to the local regulator's statistics (Indotel). In the mobile market, Altice Hispaniola's and Tricom's key competitor is Claro.

2 STRATEGY AND PERFORMANCE

2.1 Objectives

The Group's key objective is to improve its operating and financial performance by increasing operational efficiencies of its existing businesses, driving growth through reinvestment, and integrating its recently acquired businesses utilizing the Group's operational expertise, scale and investment support. Furthermore, the Group aims to deliver to its customers the best quality services and exclusive content on proprietary state-of-the-art mobile and fixed infrastructure, by investing in best-in-class technology, insourcing its historical suppliers in the area of technical services and call centers in order to better control quality, and developing a tailor-made approach, based on the analysis of data collected from its customers, in order to service them in an individualized manner, propose them targeted offers, dedicated content and custom-made advertising and provide them with a unique and sophisticated customer experience.

2.2 Strategy of the Company

The below strategies are designed to achieve the Group's objectives and further improve its business operations and practices.

Grow operating margins and cash flow by leveraging the Group's operational expertise and synergies.

The Group plans to continue to grow its operating margins across its operations by focusing on cost optimization and leveraging economies of scale and operational synergies. The Group targets further savings as the Group focuses on integrating and optimizing acquired businesses, particularly in its key markets France, the United States and Portugal. In order to maximize the positive impact on its subsidiaries' operational and financial performance, the Group intends to make its core strategic, operational, technical and R&D capabilities available in a more centralized manner. The Group believes that this approach maximizes subsidiaries' benefit from the know-how, methodologies, best practices, processes and unique services of the management team of the Group while providing access to the Group's scale benefits. This model (the so-called "Altice Way"), amongst other things, includes:

- developing, launching and integrating new products, services and business models, including the creation of the next generation communications access and content convergence platforms with market-leading home hubs;

- improving network quality, upgrading and building out very high speed communication networks;

- improving customer relationship management and maximizing customer experience, notably by investing in efficient IT platforms, focusing on digitalization and simplifying processes;

- leveraging the Group's international media and content organization as part of a global ambition of convergence;

- delivering to the Group's customers the best new channels, the best sport content, the best documentary programs and the best series and movies;

- delivering key technology services and market-leading research and development through Altice Labs, promoting innovation and transforming technical knowledge into marketable competitive advantages, including the creation and monetization of world-class data analytics;

- leveraging branding, sales and marketing strategies and synergies; and

- selecting strategic suppliers and improving technical and commercial negotiations with the same including through centralized procurement.

The Group intends to implement this model at the level of its main operational subsidiaries in the different geographical areas in which the Group operates and, as part of such implementation, is conducting an assessment of its brand strategy Group-wide (please see Section 1.2 "*Products, services and brands*" for more details).

Invest in fixed and mobile infrastructure across the Group's footprint to maintain its competitive advantage in the market and provide best-in-class services to its customers.

The Group aims to remain a technology leader in each of its markets and to provide innovative, best-in-class services to its customers. In France, the Group announced in 2015 its plan to expand its next-generation fiber footprint to 22 million homes passed by 2022 compared to 9.3 million fiber homes passed as of December 31, 2016. This plan, which would more than double the size of its current network, would ensure its leading position as provider of fiber broadband services in the French market. Also, in France, the SFR Group Business has had a record year of investment in 2016, which is also expected for 2017, related to its capital expenditure on upgrading its 3G network and expanding its 4G mobile network. The SFR Group Business rolled out an additional 5,248 4G sites in 2016, more than doubling the total number of 4G sites over the past 12 months, representing a population coverage of 81%.

In the United States, the Group continued with 'Operation GigaSpeed', delivering next-generation 1 Gbps broadband services across 58% of the Suddenlink footprint by the end of December 2016, supported by the digitalization of its network. On November 30, 2016, the Group announced 'Generation GigaSpeed', its plan to invest further in the US, by building a next-generation FTTH network capable of delivering broadband speeds of up to 10 Gbps across its entire Cablevision footprint and part of its Suddenlink footprint. The Group will extend fiber deeper into its existing HFC network in the US and leverage cutting-edge and proprietary technologies developed by Altice Labs, in order to create its state-of-the-art system. This follows a tripling of Internet speeds for Cablevision's customers to up to 300 Mbps for residential customers and 350 Mbps for business customers.

In Portugal, subsequent to its acquisition of PT Portugal, the Group announced in 2015 its plan to extend its fiber network from approximately 2.3 million homes to 5.3 million homes by 2020, creating the most innovative, GPON-technology based fiber network in Europe.

Furthermore, the Group is investing in improving the customer experience by simplifying the customer's journey when interacting with it. This activity is supported by innovative processes and systems.

The Group intends to continue to invest into its networks and services to maintain its competitive advantage and position itself to grow in the future.

Selectively invest into key content to enrich the Group's communications service offerings and differentiate its offerings in the market place.

The Group believes that the telecommunication industry is increasingly characterized by (i) digitalization of all aspects of everyday lives transforming usage and needs of individuals and enterprises and (ii) growing competition from new players for the control of the entire value chain consisting of terminal-access-content/services. In this new environment, the Group is implementing a strategy based on the integration of connectivity, content and services, and the monetization of customers' usage-related data. The Group plans to invest selectively to provide premium content and services across all platforms, including TV, mobile, laptops, tablets, and stimulate customers' demand and usage. The Group believes this strategy will help to differentiate its brands and offerings and to have better control over the entire customer experience. The Group sees a competitive advantage which is expected to reduce churn, to have an accretive impact on ARPU and customer purchases and also to reduce dependence on content publishers.

The Group made significant investments, which it can leverage on its large customer base, in the French media business, such as the acquisition of exclusive broadcasting rights to the English Premier League, the world's most widely broadcasted football championship, for the next three seasons starting in August 2016, as well as the French National Basketball league, Rugby Premier League fixtures, French Athletics Federation events, World Series of Boxing events and the ski world championship. The Group also entered into a strategic partnership with NextRadioTV, which owns, among other assets, France's leading news channel BFMTV, the local news channel BFM Paris as well as the sports channels BFM Sport and RMC Sport TV, and acquired Altice Media Group (currently known as SFR Presse). In Portugal, the Group holds rights to broadcast games of popular Portuguese football clubs and PT Portugal's subsidiary MEO holds a stake in Sport TV, a sports broadcaster based in Portugal. Separately, the Group has formed a partnership with Discovery Communications and NBCUniversal to distribute exclusive channels in France, and has also announced the creation of a new channel, to be entirely dedicated to cinema and series, which will broadcast the NBCUniversal catalogue and other French and European productions.

Further increase the Group's multi-play penetration and ARPU by providing new and existing customers with best-in-class products, services and content, including attractive mobile products wherever profitable.

The Group believes that fixed network leadership, operational excellence and multi-play strategy are key success factors in its end-markets. The Group believes that its state-of-the-art cable and fiber networks across its markets provide it with a strong technological infrastructure for delivering high-quality television, higher speed Internet and triple-play and, subject to certain regulatory considerations, quad-play services at attractive prices. The Group has successfully increased its multi-play customers from 4.7 million in 2015 to 5.0 million in 2016 (over its cable- and fiber-based network infrastructure), with a multi-play penetration of 61% in 2016. The Group's strategy is to continue to increase its multi-play customer penetration by accelerating investment in both fiber and 4G infrastructure, which it believes will enable it to attract new multi-play customers and cross sell its mobile services to existing fixed services customers in the countries in which it offers those services. For example, in France, the Group believes it will be able to leverage its network infrastructure and have access to premium content on the one hand and SFR's large customer base on the other. Moreover, in France, the Group believes it will be able to offer its existing and new B2C customers compelling bundled triple- and quad-play packages where it is the only player in its coverage area capable of bundling the highest broadband speeds in the market and premium pay TV content into single bill packages.

Leverage the Group's networks to address new growth opportunities including B2B and mobility.

The Group believes that its dense cable/fiber network, supported by fiber backbones will position it ideally to service new demand from corporate customers and to benefit from the convergence of fixed and mobile usage with relatively lower levels of capital investment compared to some of its peers. The Group aims to leverage its well invested infrastructures to offer tailored data solutions and capture profitable growth in the markets where it is active, thereby maximizing the return on its network assets. As the B2B telecommunications market shifts to next generation services, including IP Virtual Private Network ("**VPN**"), hosting or cloud services, which are more bandwidth intensive and complex, the Group will look to expand opportunistically in the B2B businesses, which offer important economies of scale and synergies with its B2C operations.

The Group plans to continue to expand its presence in the B2B segment in France by providing next generation services which require high bandwidth and offer potential for higher margins. The Group intends to capitalize on the combination of its modern cable and FTTH network and expertise in critical network architecture to grow its customer base and increase its offering of higher margin data products in France. The Group targets increasing its

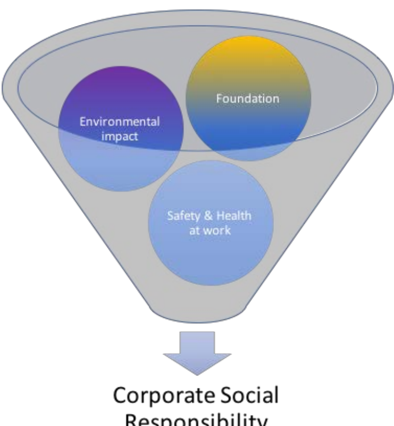
market share in the B2B segment by strategically redeploying its sales force in order to fully address all B2B market sub-segments. In addition, as mobile Internet traffic is expected to grow at a compound annual growth rate of 53% between 2015 and 2020[2], primarily driven by development of smart devices supporting multiple wireless technologies, the Group believes that its high-capacity backbone will differentiate it from its competitors as it enables the Group to offer a compelling backhaul offload offering to MVNOs. The Group is the second leading mobile operator in France with 14.6 million B2C subscribers as of December 31, 2016. The Group believes this will enable the SFR Group Business to drive growth by leading the French market in quad-play, convergence and innovation, supported by its multi-channel presence. In the United States, the Group plans to leverage recently-implemented network improvements through which the Group reclaimed bandwidth capacity in its network and continues the initiative to replace the use of third parties for certain functions and services necessary to the provision of telephone services with its own internal platform and resources. The Group also plans to leverage recently-implemented network improvements which now allow it to offer B2B customers up to 350 Mbps download speeds. In Portugal, the Group benefits from PT Portugal's leading enterprise telecom infrastructure (including one of the largest datacenters in the world) and strong customer relationships, as well as from its number one mobile telecom position with its 4G mobile network and superior scale in terms of number of subscribers.

Opportunistically grow through value-accretive acquisitions and generate value through proven integration capabilities

The Group has made numerous acquisitions since its inception in 2002. The Group believes that it has consistently demonstrated an ability to acquire and effectively integrate companies, realize efficiencies and cost synergies, improve revenue trends and grow Adjusted EBITDA and cash flow. The Group believes that its superior operating model and ability to achieve efficiencies and cost synergies through acquisitions provide it with a competitive advantage in future consolidation opportunities within the communications and media market in the geographies in which the Group operates. The Group will carefully evaluate these opportunities based on a number of criteria, including the quality of the assets, the fit with the Group's existing operations and the opportunity to create value by optimizing operations, accelerating growth and realizing cost efficiencies.

2.3 Corporate social responsibility

The corporate social responsibility is developed in the Group around three main axes:



2.3.1 Environmental impact

Preservation of the environment is recognized as an important issue for the digital economy. Conscious of the importance of environmental issues, the Group wishes to promote a responsible attitude and be part of a continuous process of reducing its impacts and accompanying its clients.

The Group, through its activities, works towards creating a positive impact on the environment, customers, employees, communities and other stakeholders. The Group Companies pay particular attention to the environmental impact of their activities and aim to combine profitable growth that is sustainable and responsible

[2] Cisco VNI 2016 study.

from a social, environmental and societal point of view. The Group coordinates the different practices developed by the Group Companies and encourages the alignment and streamlining of practices.

The Group has implemented numerous initiatives in environmental matters as part of its business and in respect of its customers and employees. The Group wishes to sustain this approach in the coming years.

Greenhouse gas emissions

The aim is not only to contribute to the reduction of greenhouse gas emissions through the use of Information and Communication Technologies (ICT) in sectors as varied as those of the building sector, energy and services, mobility, health and well-being, safety, education, etc. but also to be exemplary in their implementation, by controlling their impacts in the context of an explosion of uses and energy transition.

By way of example, to reduce the impact of business travel and home-work for employees, the Group Companies are requesting from their employees (i) to travel less and to make use of audio and videoconferencing systems and (ii) to move better by having a travel policy that favors the train, which is a means of transport more than twenty times less impacting than the airplane in terms of greenhouse gas emissions. In addition, the Group Companies have reduced the number of company cars allocated to their employees and some Group Companies have developed car sharing programs.

Ecologically responsible products and services

Beyond the control of its direct impact, the Group also seeks to offer its customers ecologically responsible products and services in order to reduce their energy consumption. For example, in France, due to its versatility and its multifunctional character, LaBox represents a significant innovation, since it combines several functions (Blu-ray™ reader, TV-HD decoder and removable hard drive).

The Group has also developed, through the Group Companies, various initiatives for its B2B and B2C customers in this area. For example:

- all Group Companies have therefore reduced the consumption of paper related to commercial documentation as well as to invoicing and customer relations;
- the Group favors the use of environmentally friendly supports bearing the PEFC or FSC certification; and
- the Group Companies have launched more than one decade ago the process of collecting used mobiles for the purpose of refurbishing them or treating them to be used for another purpose.

Exposure to airwaves

On a local basis, and through the Group Companies, the Group monitors scientific developments and positions of the health authorities on radio frequencies and maintains its information campaigns and dialogue towards its various stakeholders, including elected representatives, sponsors, customers, etc., thereby remaining vigilant as well as transparent.

The Group Companies relay the usual precautions recommended by the health authorities to reduce exposure to the airwaves, including the use of a headset or telephoning in areas with good coverage.

The Group Companies are also informing through their websites their customers by providing comprehensive and up-to-date information on the subject. To supplement these information system, the Group Companies also puts at the disposal of the sales forces of their distribution network, dedicated information, so that they can better respond to customer inquiries on that topic.

Data protection

Finally, the Group ensures that decisions made by the Group Companies to facilitate the digital life of their customers also maintain data protection. This includes various actions against phishing, spam and all hacking activities against the Group's networks.

"Phishing" is a technique used by fraudsters to obtain personal information for the purpose of perpetrating identity theft or stealing bank details. The technique consists in sending an e-mail by posing as a trademark or a state agency, in which the victim gives his or her personal data: password, credit card number, date of birth, etc.

To protect their customers against these practices, the Group Companies implemented an information campaign to sensitize all their customers to phishing.

In addition, for the authentication page of their commercial websites, the Group Companies selected the highest level of security (SSL Extended Validation), allowing their customers to visually verify that they are on the legitimate Group Companies' website and not on a phishing site created by fraudsters seeking to steal personal information.

Beyond that, the Group Companies are also participating in various association bringing together public and private actors in the fight against unwanted emails.

The Group's B2B customers are also facing new threats such as, for example, denial of services attacks, which are an attempt at making an online service unavailable by overwhelming it with traffic from multiple sources, so that the flood of incoming messages or connection requests to the targeted service forces it to slow down or even crash and shut down, thereby denying service to the legitimate users of the service. The Group Companies are offering to their B2B customers turnkey solutions to protect and secure their information systems, internal networks, internet access and websites against such threats.

2.3.2 Foundations and other philanthropic activities

Core to the Group's culture is its deep commitment to supporting the communities in the geographies in which the Group Companies operate.

In 2016, the Group relied on the actions of the various foundations supported by the Group Companies:

- The SFR Foundation is active in missions for equal opportunities to vulnerable population groups, issues of integration, the promotion of digital and targeted actions in the local territories.

  The SFR Foundation has always been committed to support young people from disadvantaged backgrounds through various programs sponsored by employees. The SFR Foundation decided to reinforce this support and to concentrate on the specific problem of their professional success.

  The SFR Foundation supports and promotes associative projects and initiatives enabling these young people to know the links and professions of the future, to better understand the social and professional codes, to access the best cultural programs, etc. The mastering of digital tools, the promotion of entrepreneurship, the practice of sport, are efficient levers to accompany young people in difficulties towards employment, that the SFR Foundation wishes to use with its associative partners.

  For example, the "ClicNjob" program run by the association WeTechCare facilitates access to digital to promote access to employment. "ClicNjob" is the first professional integration platform for young people away from employment, which provides support at each stage of their career path. It is based on bringing together four stakeholders: young people, businesses, communities and employment professionals. The goal is to allow the integration of one million young people within five years. The SFR Foundation was committed to support the creation of the web platform.

- The Portugal Telecom Foundation conducts its activities through social interventions and support for sustainable development in different areas:

  - Health and well-being: it supports investigation and development in the health area, and encourages the establishment of more humane and solidary relationships in vulnerable situation;

  - Education: it promotes the social use of communication and information technologies, aiming to the broadening of technological and cultural education as well as the fight against info-exclusion;

- Access to communications: it develops innovative initiatives in order to put telecommunications and new technologies at the service of everyone; and

- Volunteering: it conducts nationwide projects that benefit social institutions and non-governmental agencies.

- The foundation in the Dominican Republic is active in developing actions to improve education and inclusion in the country but also to develop programs promoting the digital solidarity; it is also creating schemes in favor of good health.

In the US, 'Altice Connects' is the community and philanthropic program of Altice USA, building on the successful initiatives of Cablevision and Suddenlink. Altice Connects highlights Altice USA's investment in local communities, provides opportunities for employees to engage in community activities, and builds strong relationships with key government and community leaders through participation in events. Key programs in 2016 included:

- Meet the Leaders: an interview style program engaging more than 300 public officials and community leaders annually, including a student reporter experience at the local 2016 Presidential Debate;

- Education Initiatives: Altice Connects runs numerous programs in collaboration with schools to support student volunteerism, recognize contributions of Veterans including employees who have served in the military, and raise awareness of diversity issues;

- Broadband Connectivity: execute events with community organizations to ensure qualifying households know of low priced broadband offer and encourage adoption;

- Philanthropic Support for Local Communities: support of local communities is critical, and for example, Altice USA made a significant contribution on behalf of employees to the Boys & Girls Clubs of America, a national organization whose mission is to inspire the next generation of leaders and serves low income communities. Altice USA also produces and airs public service announcements to raise awareness of important philanthropic and community initiatives;

- Employee Volunteer Program: Altice USA's Volunteer Day provides eligible employees with one paid day off a year to volunteer and make a difference.

2.3.3 Safety and health at work

The Group requests the Group Companies to develop programs in order to reinforce safety and health at work and to act, from a human resources perspective, by developing a workforce diversity.

Each Group Company has therefore implemented different actions, in compliance with local practices, to:

- Develop the employee's skills;

  Through their human resources policy, the Group Companies promote the employability and development of their employees. In a sector in constant evolution, the professional development of employees is a real challenge of competitiveness. The Group Companies have therefore deployed an ambitious training plan that takes account of the evolution of the professions and the personal aspirations of each one.

- Ensure equal opportunities and fight against all discriminations;

  To understand their customers, who rely on diversity, and offer services that resemble them, it is essential for the Group Companies to think about diversity within the company. Diversifying their sources of recruitment, raising employees' awareness of non-discrimination and acting in favor of equal opportunities are both a commitment and a condition for success.

- Promote employment for disabled persons;

  Convinced that diversity constitutes a genuine factor of efficiency, modernity and innovation in the company, the Group Companies try to improve their commitments in favor of the employment of workers with disabilities, and intend to improve promotion of equality of opportunity through a policy geared to the development of vocational integration and the sustainable integration of disabled workers into the labor market.

- Fight against all psychosocial risks through dedicated training paths, detection program, etc.

2.4 Group financial review

The following discussion and analysis is intended to assist in providing an understanding of the Group's financial condition, changes in financial condition and results of operations and should be read together with the Consolidated Financial Statements for the year ended December 31, 2016, including the accompanying notes, included elsewhere in this Management Report. For an overview of the Group's business, objectives and strategy, please see section 1 "*Principal activities of the Group*" and section 2 "*Strategy and performance*". Please see section 2.7 "*Risk management and control*", below, for a discussion of important principal risk factors relating to the Group's business and financial profile.

The below table sets forth the Group's Consolidated Statement of Income for the years ended December 31, 2016 and December 31, 2015, in euros.

Consolidated Statement of Income For the year ended December 31, 2016 (€m)	**Year ended December 31, 2016**	**Year ended December 31, 2015 (revised[1])**	**Change**
Revenues	20,755.7	14,550.3	42.6%
Purchasing and subcontracting costs	(6,534.7)	(4,653.6)	40.4%
Other operating expenses	(3,932.9)	(3,233.7)	21.6%
Staff costs and employee benefit expenses	(2,287.3)	(1,242.1)	84.1%
Depreciation, amortization and impairment	(5,576.9)	(3,886.3)	43.5%
Other expenses and income	(802.9)	(425.7)	88.6%
Operating profit	**1,621.0**	**1,108.9**	**46.2%**
Interest relative to gross financial debt	(3,251.3)	(1,876.6)	73.3%
Other financial expenses	(357.1)	(262.0)	36.3%
Finance income	184.7	280.1	(34.0)%
Net result on extinguishment of a financial liability	(338.6)	643.5	(152.6)%
Finance costs, net	**(3,762.3)**	**(1,215.0)**	**209.7%**
Net result on disposal of businesses	104.6	27.5	280.4%
Share of profit of associates	(2.5)	8.1	(130.9)%
Loss before income tax	**(2,039.2)**	**(70.5)**	**2,792.5%**
Income tax credit/(expense)	177.7	(230.7)	(177.0)%
Loss for the period	**(1,861.5)**	**(301.2)**	**518.1%**
Attributable to equity holders of the parent	(1,557.6)	(400.7)	288.7%
Attributable to non-controlling interests	(303.9)	99.5	(405.4)%
Earnings per share (Basic)	(1.42)	(0.40)	255.0%
Earnings per share (Diluted)	(1.36)	(0.38)	257.9%

(1) Previously published information has been revised for the impact of the purchase price allocations of Group Companies acquired during the financial year 2015. For the details of the revisions, please refer to Note 35 to the Consolidated Financial Statements.

The Group operates in various geographies. When analyzing the financial health of these geographical segments, the Group uses measures and ratios - in particular Adjusted EBITDA - that are not required by or presented in accordance with IFRS or any other generally accepted accounting standards. The Group presents Adjusted EBITDA because it believes that it is of interest for the Shareholders and similar measures are widely used by

certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

The below tables show the Adjusted EBITDA and operating profit for the periods indicated, respectively by geographical segments.

	Year ended December 31, 2016						
(€m)	France[1]	US[2]	Portugal	Israel	Dominican Republic	Others[3]	Total
Standalone revenues	**10,990.5**	**5,436.1**	**2,311.5**	**955.5**	**717.5**	**722.7**	**21,133.9**
Intersegment eliminations	(44.6)	-	(35.5)	(0.4)	(5.3)	(292.3)	(378.1)
Group consolidated revenues	**10,945.9**	**5,436.1**	**2,276.0**	**955.0**	**712.2**	**430.5**	**20,755.7**
Purchasing and subcontracting costs	(3,843.8)	(1,714.7)	(507.4)	(235.9)	(144.7)	(88.1)	(6,534.7)
Other operating expenses	(2,245.0)	(745.8)	(407.7)	(220.8)	(164.7)	(149.0)	(3,932.9)
Staff costs and employee benefit expenses	(945.0)	(827.9)	(281.5)	(67.2)	(30.0)	(135.7)	(2,287.3)
Total	**3,912.1**	**2,147.7**	**1,079.5**	**431.1**	**372.9**	**57.6**	**8,000.8**
Stock options and other adjustments in EBITDA	4.0	62.3	-	-	-	18.7	85.1
Adjusted EBITDA	**3,916.1**	**2,209.9**	**1,079.5**	**431.1**	**372.9**	**76.4**	**8,085.8**
Depreciation and amortisation	(2,565.1)	(1,539.8)	(770.5)	(331.2)	(165.1)	(205.3)	(5,576.9)
Stock options and other adjustments in EBITDA	(4.0)	(62.3)	-	-	-	(18.7)	(85.1)
Other expenses and income	(540.8)	(235.4)	(95.8)	(22.8)	(22.6)	114.6	(802.9)
Operating profit	**806.2**	**372.4**	**213.1**	**77.2**	**185.2**	**(33.1)**	**1,621.0**

	Year ended December 31, 2015						
(€m)	France[1]	US[2]	Portugal	Israel	Dominican Republic	Others	Total
Standalone revenues	**11,039.0**	**65.7**	**1,496.1**	**923.3**	**694.8**	**401.4**	**14,620.3**
Intersegment eliminations	(21.1)	-	(3.9)	-	-	(45.0)	(70.0)
Group consolidated revenues	**11,017.9**	**65.7**	**1,492.3**	**923.3**	**694.8**	**356.4**	**14,550.3**
Purchasing and subcontracting costs	(3,862.0)	(19.7)	(324.8)	(221.8)	(141.3)	(84.0)	(4,653.6)
Other operating expenses	(2,447.0)	(9.9)	(327.6)	(197.2)	(166.0)	(85.9)	(3,233.7)
Staff costs and employee benefit expenses	(877.0)	(5.2)	(201.2)	(73.7)	(27.1)	(58.0)	(1,242.1)
Total	**3,831.9**	**30.9**	**638.7**	**430.5**	**360.4**	**128.5**	**5,420.9**
Stock options and other adjustments in EBITDA	55.1	-	-	-	-	18.1	73.3
Adjusted EBITDA	**3,887.1**	**30.9**	**638.7**	**430,5**	**360,4**	**146.6**	**5,494.2**
Depreciation and amortisation	(2,643.4)	(21.4)	(574.7)	(326.1)	(176.3)	(144.3)	(3,886.3)
Stock options and other adjustments in EBITDA	(55.1)	-	-	-	-	(18.1)	(73.3)
Other expenses and income	(340.6)	-	(52.6)	(19,6)	(8.1)	(4.8)	(425.7)
Operating profit	**847.9**	**9.4**	**11.4**	**84.8**	**176.0**	**(20.6)**	**1,108.9**

(1) The France segment includes the results of SRR, a direct subsidiary of SFR, which operates in the French Overseas Territories of La Reunion and Mayotte. Management has decided to leave SRR in the France segment given it reports separately from the rest of the French Overseas Territories business (reported in Others) as it is fully integrated in the France business, operationally and in terms of reporting.

(2) The Group's US segment combines the results of the two businesses that the Group recently acquired in the USA; Suddenlink and Cablevision (Optimum).

(3) Includes the results of GNP from February 8, 2016 to date of disposal to SFR Group. Following the sale of GNP to SFR Group in May 2016, these results are under the France segment. GNP contributed €71.6 million to revenues and €13.3 million to Adjusted EBITDA for the period between February 8, 2016 to May 12, 2016.

2.4.1 Significant events affecting historical results

Many significant events had an impact on the results of the Group's operations for the year ended December 31, 2016. These included the completion of certain major acquisitions, as well as the refinancing of certain outstanding debt in several of the Group's restricted groups. A summary of the significant events that took place in the year ended December 31, 2016 is presented below:

- On January 20, 2016, the Group disposed of the Cabovisão group in compliance with the conditions imposed, on the Group, by the European Commission in connection with the approval of the acquisition of PT Portugal.

- On April 7, 2016, SFR Group issued 7.375% Senior Secured Notes due 2026 in an aggregate principal amount of $5,190 million. The proceeds of the 2016 SFR Senior Secured Notes were used to fully repay the following indebtedness: redemption of Senior Secured Notes due 2019 for an amount of $2,400 million; repayment of €450 million drawn on the 2014 SFR Revolving Credit Facility Agreement; and repayment of a $1,900 million term loan due 2020. At the date of the refinancing, the average maturity of SFR Group's debt was increased from 5.8 years to 7.9 years.

- On April 19, 2016, Altice Financing issued 7.5% Senior Secured Notes due 2026 for an aggregate principal amount of $2,750 million. The proceeds of the 2016 Senior Secured Notes were used to refinance the following indebtedness: redemption of Senior Secured Notes due 2019 for an amount of $460 million and €210 million, respectively; repayment of a term loan due 2019 for an amount of $1,013 million; and repayment of a total amount of €855 million under the term loan due 2022 ($500 million and €400 million, respectively). At the date of the refinancing, the average maturity of Altice International group's debt was increased from 6.0 years to 7.7 years.

- On April 26, 2016, Suddenlink's financing subsidiary, Altice US Finance I, issued 5.5% Senior Secured Notes due 2026 for an aggregate principal amount of $1,500 million. The proceeds of the 2016 Cequel Senior Secured Notes were used to repay the outstanding amount of $1,481 million under Suddenlink's term loan facility due 2019. At the date of the refinancing, the average maturity of Suddenlink's debt was extended from 5.7 years to 7.3 years.

- On May 12, 2016, SFR Group acquired Altice International's 49% minority stake in NextRadioTV held through the joint venture Groupe News Participations ("**GNP**")) with Alain Weill. GNP is 51% owned by Alain Weill and 49% by the Group. SFR Group's interest in NextRadioTV was acquired at cost relative to the original price paid by Altice International.

- On May 25, 2016, SFR Group completed the acquisition of Altice Media Group. The transaction was financed by a combination of cash on balance sheet at SFR Group and vendor financing of €100.0 million provided by the sellers of Altice Media Group. Altice Media Group was renamed SFR Presse in October 2016. SFR Group plans to repay the vendor financing in the second quarter of 2017.

- On June 21, 2016, the Group completed the acquisition of Cablevision and cancelled the listing and admission of its common stock traded on The New York Stock Exchange under the symbol CVC. The Existing Sponsors hold 30% of the equity of Cablevision indirectly through one or more intermediate companies. The acquisition was financed by $8.6 billion of new debt raised in the form of the 2015 Cablevision Credit Facility Agreement, the 2015 Cablevision Senior Guaranteed Notes and the 2015 Cablevision Senior Notes, as well as through equity contributions by the Group and the Existing Sponsors, the roll-over of existing Cablevision debt and cash on Cablevision's balance sheet on closing.

- On September 5, 2016, the Group announced its intention to acquire two of the Group's suppliers: Parilis S.A., an all-round technical services company offering among others network deployment, upgrade and maintenance, and Intelcia Group S.A., a French language-focused player in the customer relations management outsourcing industry. The Group believes that the acquisition of a controlling stake in these companies will enable the operating subsidiaries of the Group to provide their customers with fully integrated services, will enhance their expertise and will ensure further quality of service improvements. The acquisition of 51% of Parilis S.A. closed on November 25, 2016, the Group having the option to purchase the remaining 49% for two years post-closing at the initial price plus interests. The acquisition of 88.87% of Intelcia Group S.A. closed on December 22, 2016 and the acquisition of the remaining

11.13% closed on January 30, 2017. Certain managers of Intelcia Group S.A. subsequently reinvested part of their proceeds and hold a 35% stake in Altice Customer Services (the entity holding 100% of Intelcia Group S.A.). The Group has the option to purchase and the managers have the option to sell such 35% interest in case of termination of their offices or as of the sixth anniversary of the closing date, provided that such options may be exercised partly before that date (on 50% of their stake as of the fourth anniversary of the closing date and on the remaining 50% as of the fifth anniversary of the closing date).

- On September 12, 2016, the Group announced that it successfully priced, for its Cablevision credit pool, a $2.5 billion senior secured term loan B and on September 23, 2016 issued $1.31 billion of senior guaranteed notes to institutional investors. The term loan had a maturity of 8 years and was priced at 3.00% over LIBOR with a 0.75% floor and an OID of 99.75. The 2016 Cablevision Senior Guaranteed Notes had a maturity of 10.5 years and a 5.50% coupon. The proceeds of the term loan and the 2016 Cablevision Senior Guaranteed Notes were used to repay the entire amount of the $3,800 million term credit facility due October 2022. Such refinancing increased the average maturity of Cablevision's debt from 5.9 to 6.6 years and reduced the weighted average cost of its debt from 7.4% to 7.2%.

- On October 14, 2016, the Company announced that it had agreed to acquire an aggregate number of 23,072,805 SFR Group shares in private off-market transactions (representing 5.21% of outstanding SFR Group shares). In consideration for these acquisitions, the Company delivered to the sellers an aggregate number of 36,916,488 Common Shares A which it held previously as treasury shares, reflecting an exchange ratio of 8 Common Shares A for 5 SFR Group shares. Following settlement of these transactions, the Group held directly and indirectly 82.94% of the share capital and 82.93% of the voting rights of SFR Group.

- On October 17, 2016, the Group announced that it successfully priced, for its SFR Group credit pool, a $1,790 million term loan and a €700 million term loan with institutional investors. The term loans had a January 2025 maturity. The $1,790 million term loan was priced at 3.25% over LIBOR with a 0.75% LIBOR floor and an OID of 99.75. The €700 million term loan was priced at 3.00% over EURIBOR with a 0.75% EURIBOR floor and was priced at par. The proceeds of the terms loans were used to repay the entire amount of the: (i) $550 million term loan due June 2022, (ii) the $1,340 million and €500 million term loans due January 2023, and (iii) €100 million of the aggregate principal amount outstanding under the 2014 SFR Revolving Credit Facility Agreement. Such refinancing improved SFR Group's debt maturity profile (from 7.3 to 7.6 years, pro forma as of September 2016) and reduced the weighted average cost of its debt (from 5.3% to 5.2%).

- On October 24, 2016, the Group announced that it successfully priced, for its Suddenlink credit pool, a $815 million term loan with institutional investors. The term loan had a January 2025 maturity and was priced at 3.00% over LIBOR with a 0.75% LIBOR floor and was priced at par. The proceeds of the term loan were used to repay the entire amount of the $811 million term loan due December 2022. Such refinancing improved Suddenlink's debt maturity profile (from 6.6 to 6.8 years, pro forma as of September 2016) and reduced the weighted average cost of its debt (from 5.4% to 5.3%).

- On October 27, 2016, CVC 1 completed a partial redemption of the 2015 Vendor Notes, reducing the aggregate principal amount of such notes outstanding from approximately $534.8 million (including accrued PIK interest) to approximately $331.4 million (including accrued PIK interest).

- On November 8, 2016, the French Competition Authority rendered its decision to impose on the Group and its subsidiary SFR Group a €80 million fine for gun-jumping in connection with the acquisition of SFR and Virgin Mobile by Numericable Group S.A. in 2014. The denounced practices, which consisted in starting the implementation of the transaction during the waiting period between its notification to the French Competition Authority and the obtaining of the clearance of such authority and aimed to make the new entity operational as soon as possible after obtaining such clearance, were performed in good faith by the Group, in the midst of legal uncertainty. The Group chose not to refute these practices and to accept the French Competition Authority's settlement offer, in order to limit its financial exposure, given the level of penalties which may be imposed for this type of procedural violation under the French Commercial Code. The €80 million fine was paid by SFR Group in February 2017.

- On December 1, 2016, CVC 1 completed a further partial redemption of the 2015 Vendor Notes, reducing the aggregate principal amount of such notes outstanding from approximately $333.9 million (including

accrued PIK interest) to approximately $231.2 million (including accrued PIK interest). Simultaneously with the further partial redemption, the 2015 Vendor Notes were transferred by the existing holders to a new holder. Upon consummation of the transfer, the 2015 Vendor Notes Indenture was amended via a supplemental indenture in order to, among other things, reduce the interest rate payable on the 2015 Vendor Notes from 8% to 4% and amend the maturity date of the 2015 Vendor Notes from December 21, 2020 to September 1, 2017.

- On December 13, 2016, the Company filed a notification with the French securities regulator (*Autorité des marchés financiers*, "**AMF**") indicating that, following the acquisition of double voting rights by its indirect subsidiary Altice France S.A. and further acquisitions of SFR Group shares in private off-market transactions, the Group held 84% of the share capital and 90.31% of the voting rights of SFR Group.

- On December 22, 2016, the Company and its indirect subsidiary Coditel Holding S.A. entered into an agreement to sell the Group's Belgian and Luxembourg telecommunication businesses, which are operated by Coditel Brabant SPRL and Coditel S.à r.l., to Telenet Group BVBA, a direct subsidiary of Telenet Group Holding N.V. The transaction, which is subject to the clearance of the Belgian competition authorities, valued the Group's Belgian and Luxembourg telecommunication businesses at an enterprise value of €400 million. The Group aims to complete the transaction by June 30, 2017.

2.5 Discussion and analysis of the results and financial condition of the Group

2.5.1 Revenue

Group

For the year ended December 31, 2016, the Group generated total external revenues of €20,755.7 million, a 42.6% increase compared to €14,550.3 million for the year ended December 31, 2015. This increase in revenues was mainly due to the acquisition of Optimum during the year and the full year results of Suddenlink and PT Portugal, which were acquired on December 21, 2015 and June 2, 2015 respectively.

The tables below set forth the Group's revenue by lines of activity in the various geographical segments in which the Group operates for the years ended December 31, 2016 and December 31, 2015, respectively:

Year ended December 31, 2016 (€m)	**France**	**US**	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Fixed - B2C	2,839.9	4,376.5	684.4	642.5	109.6	136.2	**8,789.1**
Fixed - B2B	1,367.3	713.4	419.5	75.6	39.3	41.5	**2,656.7**
Wholesale	1,323.1	83.1	303.8	-	70.8	12.4	**1,793.1**
Mobile - B2C	4,513.8	-	584.9	185.5	425.3	83.0	**5,792.6**
Mobile - B2B	645.6	-	202.5	51.9	50.6	4.7	**955.3**
Other	300.7	263.1	116.4	-	21.9	445.0	**1,147.2**
Total standalone	**10,990.5**	**5,436.1**	**2,311.5**	**955.5**	**717.5**	**722.7**	**21,133.9**
Intersegment adjustment	(44.6)	-	(35.5)	(0.4)	(5.3)	(292.3)	**(378.1)**
Total	**10,945.9**	**5,436.1**	**2,276.0**	**955.0**	**712.2**	**430.5**	**20,755.7**

Year ended December 31, 2015 (€m)	**France**	**US**	**Portugal**	**Israel**	**Dominican Republic**	**Others**	**Total**
Fixed - B2C	2,873.1	52.2	484.6	645.3	106.9	141.3	**4,303.4**
Fixed - B2B	1,402.7	8.8	299.9	72.9	37.8	28.8	**1,851.0**
Wholesale	1,328.1	1.6	170.5	-	62.7	10.6	**1,573.4**
Mobile - B2C	4,722.2	-	346.0	151.0	414.0	99.6	**5,732.9**
Mobile - B2B	712.9	-	122.5	54.0	50.7	4.8	**944.9**
Other	-	3.2	72.6	-	22.7	116.4	**214.9**
Total standalone	**11,039.0**	**65.7**	**1,496.1**	**923.3**	**694.8**	**401.4**	**14,620.3**
Intersegment adjustment	(21.1)	-	(3.9)	-	-	(45.0)	**(70.0)**
Total	**11,017.9**	**65.7**	**1,492.3**	**923.3**	**694.8**	**356.4**	**14,550.3**

Revenues for the Group's fixed services (including wholesale) increased from €7,727.8 million for the year ended December 31, 2015 to €13,289.9 million for the year ended December 31, 2016, a 71.3% increase compared to the year ended December 31, 2015. This increase was driven primarily by the acquisitions in the United States of Suddenlink and Cablevision in December 2015 and June 2016, respectively (resulting in an increase of €5,110.4 million in the year ended December 31, 2016) and the contribution of PT Portugal's revenues for the entire period (as compared to contributions since June 2, 2015 for the year ended December 31, 2015), which resulted in an increase of €452.7 million.

The Group's mobile services revenue increased to €6,747.9 million for the year ended December 31, 2016, a 1.0% increase compared to €6,677.8 million for the year ended December 31, 2015, mainly due to the full year contribution of the mobile revenues of PT Portugal in 2016 (impact of €318.9 million), partly offset by a decrease in mobile revenues in France of €275.6 million.

Revenues from the Group's other activities totaled €1,147.2 million for the year ended December 31, 2016, a 433.8% increase as compared to €214.9 million for the year ended December 31, 2015. The increase in other revenues was mainly due to the contribution of Altice Media Group's revenues since May 25, 2016, the change in the consolidation method of GNP (fully consolidated with effect from February 8, 2016). Altice Media Group and GNP contributed €300.7 million to other revenues for the year ended December 31, 2016.

Geographical segments

France. For the year ended December 31, 2016, the Group generated external revenue in France of €10,945.9 million, a 0.7% decrease compared to €11,017.9 million for the year ended December 31, 2015. This decrease is mainly attributable to the positive revenue contribution of the newly acquired media assets during the year ended December 31, 2016 (positive impact of €300.7 million) and was offset by a decrease in the fixed and mobile revenues of €73.6 million and €275.6 million respectively.

Revenues from the Group's fixed business (including wholesale) decreased by 1.3 % on a year on year basis compared to the year ended December 31, 2015 (€5,530.3 million in 2016 compared to €5,603.9 million in 2015). The year saw a return to growth in the fixed B2C segment in the third and fourth quarters of 2016, driven by an increase in the Group's fixed ARPU from €34.9 to €36.9 (fourth quarter 2015 compared to the fourth quarter 2016). The Group also continued to add new fiber customers and increased migrations from DSL to fiber using a newer, more attractive bundle with new premium content and improved customer experience.

The Group's mobile business posted a net revenue decline of 5.1% on a year on year basis (€5,159.4 million in 2016 compared to €5,435.1 million in 2015). The Group managed to slow the decline in the B2C mobile business (with a quarter on quarter decline of 1.5% in the fourth quarter of 2016 compared to 3.3% in 2015). Mobile revenues remained under price pressure due to the competitive environment in France, though churn was reduced following improvement in the customer service.

Others revenues mainly include the contribution of the media assets during the course of 2016 (€300.7 million). The addition of the media assets and the convergence strategy of the Group has allowed the Group to increase the added value provided to customers by introducing more attractive bundles and differentiate its offers versus the competition in a very concentrated market.

United States. For the year ended December 31, 2016, the Group generated revenue in the United States of €5,436.1 million, a 8,174.1% increase compared to €65.7 million contributed by Suddenlink for the year ended December 31, 2015 following its acquisition by the Group in December 2015. This increase was due to the acquisition of Optimum in June 2016 (revenue contribution of €3,111.4 million for the year ended December 31, 2016) and the full year of contribution of Suddenlink (contribution of €2,324.6 million compared to €65.7 million in 2015).

Portugal. For the year ended December 31, 2016, the Group generated revenues in Portugal of €2,276.0 million, a 52.5% increase compared to €1,492.3 million for the year ended December 31, 2015. This increase was mainly due to the full year contribution of PT Portugal to the results for the year ended December 31, 2016 compared to only seven months in 2015.

Israel. For the year ended December 31, 2016, the Group generated revenue in Israel of €955.0 million, a 3.4% increase compared to €923.3 million for the year ended December 31, 2015. The Group's fixed services revenue remained flat while its mobile services revenue increased by 15.8%. On a constant currency basis, the Group's

revenues increased by 1.9%. Fixed revenue decreased by 1.5% on a constant currency basis, while mobile revenue increased by 14.1%.

Fixed revenues remained mostly flat (to a moderate decline) in 2016, compared to 2015, driven by improvements in customer quality and a strengthening of the fixed offers. In the mobile business, HOT Mobile continued to be the best performer in terms of net adds, adding 217,000 new customers in 2016. 4G+ rollout in 2017 is expected to further boost this trend.

Dominican Republic. For the year ended December 31, 2016, the Group generated total revenue in the Dominican Republic of €712.2 million, a 2.5% increase compared to €694.8 million for the year ended December 31, 2015. On a constant currency basis, the revenue grew by 4.4% in 2016 compared to 2015, with the fixed revenues registering an increase of 7.9%, while mobile services grew by 4.3%.

The Group's fixed line business continued to show a positive growth trend (€219.7 million in 2016 compared to €207.4 million in 2015), driven by increased deployment of fiber homes passed (an increase of 128,000 in 2016). Mobile revenues increased despite a net subscriber loss of 11,000. This was mainly due to a strategy of acquiring higher value postpaid customers and increasing mobile broadband usage, which lead to an ARPU increase of 2.9% in the year ended December 31, 2016 compared to the year ended December 31, 2015.

Others. For the year ended December 31, 2016, the Group generated total revenue in Others (which comprises of the Group's fixed- and mobile services in Belgium and Luxembourg and the French Overseas Territories as well as its datacenter operations in Switzerland (Green Datacenter), its datacenter operations in France and its content production and distribution businesses (including its Content Distribution Division) of €430.5 million, a 20.8% increase compared to €356.4 million for the year ended December 31, 2015. This increase can be attributed to the contribution of revenues of GNP to the 'Others' segment in the period prior to its ownership by SFR Group (€71.6 million).

2.5.2 Adjusted EBITDA

Group

For the year ended December 31, 2016, the Group's Adjusted EBITDA was €8,085.8 million, an increase of 47.2% million compared to the year ended December 31, 2015 (€5,494.2). This increase can mainly be attributed to the acquisition of Optimum in June 2016 and the full year contributions of Suddenlink and PT Portugal to the results of the Group (compared to seven months and nine days respectively in 2015). Non-recurring items and other adjustments in Adjusted EBITDA accounted for €85.1 million for the year ended December 31, 2016 (€73.3 million for the year ended December 31, 2015).

Geographical segments

France. For the year ended December 31, 2016, the Group's Adjusted EBITDA in France was €3,916.1 million, an increase of 0.7% from €3,887.1 million compared to the year ended December 31, 2015. This increase is attributable to the continued implementation of the Group's best practices at the SFR Group Business.

United States. For the year ended December 31, 2016, the Group's Adjusted EBITDA in the United States was €2,209.9 million, an increase of 7,051.8% compared to December 31, 2015 (€30.9 million). This increase is mainly attributable to the acquisition of Optimum in June 2016 (contribution of €1,152.3 million for the year ended December 31, 2016) and the full year contribution of Suddenlink (€1,057.6 million) for the year ended December 31, 2016.

Portugal. For the year ended December 31, 2016, the Group's Adjusted EBITDA in Portugal was €1,079.5 million, an increase of 69.0% from €638.7 million compared to the year ended December 31, 2015. This increase is attributable to the contribution of PT Portugal's Adjusted EBITDA for the entire period in 2016 and of operating efficiencies implemented at PT Portugal.

Israel. For the year ended December 31, 2016, the Group's Adjusted EBITDA in Israel was €431.1 million, an increase of 0.1% compared to €430.5 million for the year ended December 31, 2015. Adjusted EBITDA on a constant currency basis decreased by 1.3% compared to 2015, mainly due to an increase in cost of sales and customer service costs (related to the improvement in the customer experience).

Dominican Republic. For the year ended December 31, 2016, the Group's Adjusted EBITDA in the Dominican Republic increased by 3.5% from €360.4 million in 2015 to €372.9 million (5.4% on a constant currency basis). This increase can mainly be attributed to the continued implementation of the Group's best practices and increased synergies between the two businesses in the Dominican Republic.

Others. For the year ended December 31, 2016, the Group's Adjusted EBITDA in Others was €76.4 million, a decrease of 48.3% from €147.6 million compared to the year ended December 31, 2015. This decrease can be attributed to the disposal of the Indian Ocean mobile business of Outremer in July 2015. This business contributed €9.9 million to the Group's Adjusted EBITDA for the period from January 1, 2015 to July 31, 2015 (date of disposal), combined with an increase in corporate costs, which was mainly driven by increased staff costs as a result of the expansion of the corporate team.

2.5.3 Operating profit of the Group

Depreciation, amortization and impairment

For the year ended December 31, 2016, depreciation and amortization totaled €5,576.9 million, a 43.5% increase compared to €3,886.3 million for the year ended December 31, 2015. Depreciation and amortization in the year ended December 31, 2016 was impacted by an increase in the depreciation and amortization of the identifiable assets of PT Portugal and Suddenlink recognized at their fair value, as part of the purchase price allocations of these entities. It was further impacted by the acquisition and full consolidation of the results of Optimum from June 20, 2016 onwards.

The Group recorded an impairment on the customer relationships recognised as part of the SFR Group Business's acquisition of Virgin Mobile for an aggregate amount of €41.5 million. In 2015, the Group recognised an impairment of the ONLY brand in the French Overseas Territories for an amount of €20.9 million.

Non-recurring items and other adjustments in EBITDA

For the year ended December 31, 2016, non-recurring items and other adjustments in EBITDA totaled €85.1 million, a 16.0% increase compared to €73.3 million for the year ended December 31, 2015. This increase was mainly due to the recognition of non-cash expenses related to the US Carried Interest Plan instituted for certain managers and employees of the Group's US business (expense of €62.3 million for the year ended December 31, 2016). This increase was offset by a decrease of other adjustments related to contract renegotiation costs in France for a total amount of €45.3 million.

Other operating expenses and income

For the year ended December 31, 2016, other operating expenses and income totaled €802.9 million, a 88.6% increase compared to €425.7 million for the year ended December 31, 2015. A detailed breakdown of other expenses and income is provided below:

Details of other expenses and income (€m)	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Stock option expenses	85.1	28.0
Other adjustments[1]	-	45.3
Stock option and other expenses outside EBITDA	**85.1**	**73.3**
Restructuring costs[2]	428.9	116.7
Deal fees[3]	35.9	66.7
Penalties[4]	95.0	-
Provisions for litigation[5]	128.2	30.7
Other expenses/(income) net[6]	58.9	27.8
Loss on disposals of assets	56.0	183.8
Other expenses and income	**802.9**	**425.7**
Total	**888.0**	**499.0**

(1) Contract renegotiation costs: such costs are no longer restated as non-recurring items from the fourth quarter of 2015 onwards.

(2) Restructuring costs:

- €180.4 million in France (of which €135.0 million related to the restructuring of the distribution department);

- €204.9 million in the US related to severance payments made to Cablevision's executives post-closing and provisions as part of the voluntary retirement plan implemented in the fourth quarter of 2016 (extra provision of approximately €102 million);
- €31.9 million at PT Portugal related to the curtailment of outsourced services and an insourcing plan.

(3) Related mainly to the acquisition of Suddenlink, Cablevision, the disposal of the Cabovisão group in the first quarter of 2016, the public exchange offer for SFR Group in September/October 2016 and the acquisitions of Parilis S.A. and Intelcia Group S.A. For the financial year 2015, related to the acquisition of PT Portugal.

(4) Penalties: mainly related to:

- €80 million penalty levied on perceived gun jumping by French anti-trust authority (related to the acquisition of SFR in 2014). The decision was notified to SFR Group in November 2016 and the Group decided not to appeal the ruling. The penalty was fully paid in February 2017, releasing SFR Group and the Group from any further exposure from this claim.
- €15 million penalty imposed by French anti-trust authority on price increases in the French Overseas Territories.

(5) Provisions for litigations: related to different ongoing litigations/disputes in various segments.

(6) Other income and expenses: mainly related to allowances and reversals for other provisions (non-cash) and other cash expenses. Includes cash expenses of:

- €10.0 million related to the settlement of a tax dispute with Dominican tax authorities;
- €5.0 million in Israel related to fees related to VAT assessments and contract penalties related to onerous contracts.

Operating profit

As a result of the above-mentioned factors, for the year ended December 31, 2016, the Group recorded an operating profit of €1,621.0 million, a 46.2% increase compared to €1,108.9 million for the year ended December 31, 2015.

2.5.4 Loss for the year of the Group

Finance costs (net)

Net finance costs amounted to €3,762.3 million for the year ended December 31, 2016, registering an increase of 209.7% compared to the year ended December 31, 2015 (€1,215.0 million). This increase was mainly related to the full year impact of the interest payments on new and rolled over debt (debt not refinanced at closing) resulting from the acquisition of Suddenlink in December 2015 and also from the acquisition of Optimum in 2016 (increases of €701.0 million and €379.6 million respectively). The Group also incurred non-recurring expenses on the extinguishment of refinanced debt of €338.6 million in 2016, compared to a non-recurring income of €643.5 million related to the extinguishment of a financial liability.

Loss for the year

For the year ended December 31, 2016, the Group recorded a net loss of €1,861.5 million, as compared to a net loss of €301.2 million for the year ended December 31, 2015. The reasons for this increase are enumerated in the sections above (mainly due to an increase in net finance costs for the period). This was offset by a decrease in income tax expenses (tax credit of €177.7 million in 2016 compared to a tax expense of €230.7 million in 2015), mainly due to the change in income tax rates in certain jurisdictions, leading to a deferred tax income of €505.2 million for the year ended December 31, 2016 compared to €92.8 million in 2015.

2.5.5 Liquidity and capital resources

General

The Group's principle sources of liquidity are (i) operating cash flow generated by the Group's subsidiaries and (ii) various revolving credit facilities and guarantee facilities that are available at each of the Group's restricted groups, as applicable, for any requirements not covered by the operating cash flow generated.

As of December 31, 2016, Altice Luxembourg's restricted group had an aggregate of €200 million (equivalent) available borrowings under the 2014 Altice Luxembourg Revolving Credit Facility Agreement; Altice International's restricted group had an aggregate of €987 million (equivalent) available borrowings under the 2012 Altice Financing Revolving Credit Facility Agreement, the 2013 Altice Financing Revolving Credit Facility Agreement, the 2013 Guarantee Facility Agreement, the 2014 Altice Financing Revolving Credit Facility Agreement and the 2015 Altice Financing Revolving Credit Facility Agreement; the SFR Group's restricted group had an aggregate of €1,125 million (equivalent) available borrowings under the 2014 SFR Revolving Credit Facility Agreement; Suddenlink's restricted group had an aggregate of €332 million (equivalent) available borrowings under the 2015 Cequel Revolving Credit Facility; and Cablevision's restricted group had an aggregate of €2,182 million (equivalent) available borrowings under the 2015 Cablevision Revolving Credit Facility.

The Group expects to use these sources of liquidity to fund operating expenses, working capital requirements, capital expenditures, debt service requirements and other liquidity requirements that may arise from time to time. The Group's ability to generate cash from the Group's operations will depend on the Group's future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond the Group's control. As the Group's debt matures in later years, the Group anticipates that it will seek to refinance or otherwise extend the Group's debt maturities.

Cash flow

The following table presents primary components of the Group's cash flows for each of the years indicated.

Net cash flows (€m)	**For the year ended December 31, 2016**	**For the year ended December 31, 2015**
Net cash flow from operating activities	7.003.1	4,648.3
Net cash flow from investment activities	(4,991.1)	(5,390.8)
Net cash flow from financing activities	(3,457.4)	1,712.4
Changes in cash and cash equivalents	**(1,417.9)**	**963.2**

The Group recorded a net decrease of €1,417.9 million in cash and cash equivalents for the year ended December 31, 2016, compared to a net increase of €963.2 million for the year ended December 31, 2015. The total decrease in cash and cash equivalents for the year ended December 31, 2016 can be explained by the use of cash raised as part of a capital increase in October 2015 to finance the acquisition of Optimum in June 2016 (€1,604.8 million). The increase in cash flows from operating activities for the year ended December 31, 2016 can mainly be attributed to an increase in Adjusted EBITDA (an increase of 47.2% from €5,494.8 million in 2015 to €8,085.8 million in 2016), related to the acquisition of Optimum in June 2016 (which accounted for a contribution to Adjusted EBITDA for the year ended December 31, 2016 of €1,152.3 million). Net cash used in investing activities was impacted by an increase in cash outflow for the acquisition of tangible and intangible assets (increase of €1,511.4 million, driven by acquisition of Optimum and premium sports content), which was offset by a decrease in the cash used to acquire subsidiaries of €1,957.8 million (mainly due to the use of restricted cash for the acquisition of Optimum). The Group had a net cash outflow from financing activities in 2016 compared to 2015, mainly related to the refinancing of various debt instruments completed during the year and an increase in interest paid (€2,762.1 million in 2016 compared to €1,394.5 million in 2015), resulting from the issuance of new debt to finance the acquisition of Optimum. In 2015, the net cash inflow from financing activities was mainly due to the issuance of new equity raised to complete a part of the acquisition of Optimum (€1,604.8 million).

Capital expenditures

The Group classifies its capital expenditures in the following categories.

Fixed services (including wholesale): Includes capital expenditures related to (i) connection of customer premises and investment in hardware, such as set-top boxes, routers and other equipment, which is directly linked to RGU growth ('CPEs and installation related'); (ii) investment in improving or expanding the Group's cable network, investments in the television and fixed line platforms and investments in DOCSIS network capacity ('cable network and construction related') and (iii) other capital expenditures related to the Group's fixed business. This also includes capital expenditures relating to data centers, backbone network, connection fees of clients' premises, rental equipment to customers and other B2B operations as well as content-related capital expenditures relating to the Group's subsidiaries that produce and distribute content. Capital expenditures relating to network and equipment that is common to the delivery of fixed or mobile services as well as in 'Others' are reflected in cable capital expenditures or mobile capital expenditures as the case may be.

Mobile services: Includes capital expenditures related to improving or expanding the Group's mobile networks and platforms and other investments relating to the Group's mobile business.

Others: Includes capital expenditures relating to the Group's content and other non-core fixed or mobile activities, such as capital expenditures relation to the Group's data centers and backbone network.

The following table sets forth the accrued capital expenditures of the Group:

Capital expenditure - accrued (€m)	For the year ended December 31, 2016	For the year ended December 31, 2015
Fixed services	2,549.3	1,455.1
Mobile services	840.4	1,206.0
Others	1,006.6	443.0
Total capital expenditure	**4,396.3**	**3,104.1**

The Group has made substantial investments and will continue to make capital expenditures in the geographies in which it operates to expand its footprint and enhance its product and service offerings. In addition to continued investment in its infrastructure, the Group will continue to strategically invest in content across its geographic segments to enrich its differentiated and convergent communication services as well as to reduce churn and increase ARPU. The Group expects to finance principal investments described below, to the extent they have not been completed, with cash flow from its operations.

In the year ended December 31, 2016, the Group made capital expenditures related to its fixed network expansion (fiber connections) in France, Portugal, the Dominican Republic and the US, improvements in its mobile network (launch of new 4G sites), recurring capital expenditure related to new customer acquisition and the acquisition of exclusive content and sports rights. The Group has made no new firm investment commitments since December 31, 2016. For information on contractual obligations and commercial commitments the Group has acquired in the year ended December 31, 2016, please see Note 31 to the Consolidated Financial Statements. The increase in capital expenditures is also explained by the acquisition of Optimum in June 2016 (a contribution of €319.0 million for the year ended December 31, 2016), and the full year contributions of Suddenlink (an increase of €323.0 million) and PT Portugal (an increase of €210.3 million). Additionally, for the year ended December 31, 2016, the Group acquired exclusive rights to broadcast premium sporting events for a total amount of €413.8 million. This amount is reported under the 'Others' segment for the year ended December 31, 2016.

The table below sets forth the Group's capital expenditure on an accrued basis for the years ended December 31, 2016 and 2015, respectively, for each of the Group's geographical segments:

Capital expenditure December 31, 2016	France	US	Portugal(1)	Israel(2)	Dominican Republic	Others(3,4)	Total
Capital expenditure (accrued)	2,307.4	631.3	438.8	312.8	122.3	583.7	**4,396.3**
Capital expenditure - working capital items	214.7	(129.9)	(56.1)	1.9	12.3	(289.9)	**(247.0)**
Payments to acquire tangible and intangible assets	2,522.1	501.4	382.7	314.7	134.6	293.8	**4,149.3**

Capital expenditure December 31, 2015	France(5)	US	Portugal	Israel	Dominican Republic	Others	Total
Capital expenditure (accrued)	2,369.7	23.5	208.6	284.9	124.1	93.3	**3,104.1**
Capital expenditure - working capital items	(451.1)	(2.9)	(24.7)	-	(10.2)	22.7	**(466.2)**
Payments to acquire tangible and intangible assets	1,918.6	20.6	183.9	284.9	113.9	116.0	**2,637.9**

(1) Includes €44.0 million of capitalized exclusive content costs in Portugal for multi-year contracts.
(2) Israel's accrued CAPEX includes amounts related to jump in for network sharing agreement with Partner Telecom for a total amount of €61.7 million (NIS 250 million equivalent), of which €12.2 million (NIS 85 million equivalent) remained unpaid as of December 31, 2016.
(3) Includes a one-off capital expenditure related to an indefeasible right of use (IRU) on a datacenter at Green Datacenter, for a total amount of €29.6 million.
(4) Includes the capitalization of content rights for a total amount of €413.8 million during the year ended December 31, 2016. Please refer to Note 4 to the Consolidated Financial Statements for further details.
(5) For the year ended December 31, 2015, the Group incurred a one-off capital expenditure of €477.0 million related to the acquisition of the 700 MHz spectrum in France.

2.5.6 *Discussion and analysis of the financial condition of the Group*

Consolidated Statement of Financial Position **As at December 31, 2016** **(€m)**	**December 31, 2016**	**December 31, 2015** **(revised[1])**	**Change** **%**
Non-current assets			
Goodwill	23,045.7	17,211.4	33.9%
Intangible assets	29,412.1	16,530.9	77.9%
Property, plant & equipment	16,256.8	12,193.6	33.3%
Investment in associates	65.7	417.7	(84.3)%
Financial assets	3,615.8	2,822.8	28.1%
Deferred tax assets	113.6	38.3	196.4%
Other non-current assets	182.4	97.7	86.7%
Total non-current assets	**72,692.1**	**49,312.4**	**47.4%**
Current assets			
Inventories	394.8	370.1	6.7%
Trade and other receivables	4,600.5	3,857.5	19.3%
Current tax assets	179.2	304.5	(41.2)%
Financial assets	758.6	-	-
Cash and cash equivalents	1,109.1	2,527.0	(56.1)%
Restricted cash	202.0	7,737.0	(97.4)%
Total current assets	**7,244.2**	**14,796.1**	**(51.0)%**
Assets classified as held for sale	476.0	122.1	289.8%
Total assets	**80,412.3**	**64,230.6**	**25.2%**
Issued capital	76.5	76.5	0.0%
Additional paid in capital	738.0	2,379.6	(69.0)%
Other reserves	(564.8)	(215.9)	161.6%
Accumulated losses	(2,779.5)	(1,287.1)	116.0%
Equity attributable to owners of the Company	**(2,529.8)**	**953.1**	**(365.4)%**
Non-controlling interests	190.2	916.7	(79.3)%
Total equity	**(2,339.6)**	**1,869.8**	**(225.1)%**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	52,826.3	45,682.8	15.6%
Other non-current financial liabilities and related hedging instruments	4,480.0	1,565.9	186.1%
Provisions	1,876.2	1,733.4	8.2%
Deferred tax liabilities	8,074.3	2,478.6	225.8%
Other non-current liabilities	878.4	814.7	7.8%
Total non-current liabilities	**68,135.2**	**52,275.4**	**30.3%**
Current liabilities			
Short-term borrowings, financial liabilities	1,342.3	380.6	252.7%
Other financial liabilities	3,491.9	1,488.5	134.6%
Trade and other payables	7,713.4	6,423.6	20.1%
Current tax liabilities	298.4	289.0	3.2%
Provisions	658.8	378.1	74.0032%
Other current liabilities	1,022.7	1,041.0	(1.8)%
Total current liabilities	**14,527.5**	**10,000.8**	**45.3%**
Liabilities directly associated with assets classified as held for sale	89.2	84.6	5.4%
Total liabilities	**82,715.9**	**62,360.8**	**32.7%**
Total equity and liabilities	**80,412.3**	**64,230.6**	**25.2%**

(1) Previously published information has been revised for the impact of the purchase price allocations of Group Companies acquired during the 2015 financial year. For the details of the revisions, please refer to Note 35 to the Consolidated Financial Statements.

For the year ended December 31, 2016, the Group had a total asset position of €80,412.3 million and a net negative equity position of €2,339.6 million. The major contributors to the total asset position of the Group are the SFR Group Business, the US subsidiaries Suddenlink and Cablevision, and PT Portugal.

The comparative information as of December 31, 2015 has been restated to account for the final purchase price allocation at different Group Companies (including PT Portugal and Suddenlink).

Current assets

As at December 31, 2016, the Group had a current asset position of €7,244.2 million, a 51.0% decrease compared to €14,796.1 million as at December 31, 2015. This decrease was mainly due to the utilization of restricted cash held on balance sheet as of December 31, 2015 to finance a portion of the acquisition of Optimum (€7,737.0 million). Cash and cash equivalents decreased from €2,527.0 million as of December 31, 2015 to €1,109.1 million as of December 31, 2016. This decrease was mainly due to the use of cash raised as part of an equity offering in October 2015 to finance a part of the Company's equity funding in relation to the acquisition of Cablevision (€1,604.8 million).

Partially offsetting these decreases, trade and other receivables increased by 19.3% (from €3,857.5 million in 2015 to €4,600.5 million in 2016), mainly due to the acquisition of Optimum and the acquisitions of entities within the SFR Group Business.

Non-current assets

As of December 31, 2016, the Group had a non-current asset position of €72,692.1 million, a 47.4% increase as compared to €49,312.4 as of December 31, 2015, that consists of the following:

Property, plant and equipment ("PPE"). The Group includes companies that have substantial PPE relating to their telecommunications network, which are required to enable them to run their business. The net book value of such assets (classified under the property, plant and equipment caption) amounted to €16,256.8 million as of December 31, 2016 compared to €12,193.6 million at December 31, 2015. This increase is mainly explained by the acquisition of Cablevision and a preliminary allocation of goodwill to the identifiable PPE of Cablevision (€4,288.3 million).

Intangible assets. The net book value of intangible assets amounted to €29,412.1 million at December 31, 2016 compared to €16,530.9 million at December 31, 2015. The increase is explained by the acquisition of Cablevision and a preliminary allocation of the goodwill recognized on acquisition to the identifiable intangible assets of Cablevision (customer relationships: €4,286.3 million, brand: €892.7 million and franchise for a total of €7,185.1 million).

Goodwill. Due to the acquisitive nature of the Group and the rapid growth and number of external growth operations completed in 2015 and 2016, total goodwill increased from €17,211.4 million at December 31, 2015 to €23,045.7 million at December 31, 2016. The increase in goodwill is mainly related to the acquisition of Cablevision in June 2016 (€5,079.2 million).

Investments in associates. Investments in associates as of December 31, 2016 decreased as a result of the change in the consolidation method of GNP, from investment in associate to full consolidation. Since February 8, 2016, the Group consolidates GNP, which led to the change in the consolidation thereof, leading to the above-mentioned decrease. The total share in income of associates amounted to a loss of €2.5 million for the year ended December 31, 2016 (€8.1 million profit for the year ended December 31, 2015).

Financial assets. Financial assets amounted to €3,615.8 million at December 31, 2016, an increase of 28.1% compared to €2,822.8 million at December 31, 2015, mainly the result of financial assets acquired as part of the acquisition of Optimum.

Deferred tax assets. Deferred tax assets amounted to €113.6 million as of December 31, 2016, an increase of 196.4% compared to €38.3 million at December 31, 2015. This increase can mainly be attributed to the acquisition of Altice Media Group by SFR Group.

Current liabilities

The Group had a current liability position of €14,527.5 million at December 31, 2016 compared to €10,000.8 million at December 31, 2015, mainly composed of trade and other payables, current portion of debentures and other financial liabilities.

Trade and other payables amounted to €7,713.4 million for the year ended December 31, 2016, an increase of 20.1% compared to €6,423.6 million for the year ended December 31, 2015, mainly as a result of the acquisition of Cablevision (€424.8 million) and the impact of its trade and other payables and to a lesser extent the acquisition of Altice Media Group (€132.4 million).

The high level of trade payables is structural (*i.e.*, related to the structure of the industry in general) and follows industry norms, as customers generally make payments in advance, based on their billing cycle, and suppliers are paid as per the standard payment terms prevalent in each country. The Group generates sufficient operating cash to respect its current debts and has access to revolving credit facilities to assist in meeting its current debt obligations.

The current portion of borrowings increased from €380.6 million as of December 31, 2015 to €1,342.3 million as of December 31, 2016. The balance as at December 31, 2016 primarily relates to €878.5 million ($900 million) 2009 Cablevision Senior Notes maturing in September 2017 as well as €310.0 million drawn under the 2014 Altice Financing Revolving Credit Facility Agreement.

Other financial liabilities registered an increase of 134.6% to reach €3,491.9 million as of December 31, 2016 compared to €1,488.5 million in the year ended December 31, 2015. This was mainly driven by:

- an increase in accrued interests, related mainly to the indebtedness raised in connection with the acquisition of Cablevision (€358.1 million);
- the current portion of the collateralized debt issued against shares held by Cablevision in Comcast for an aggregate amount of €590.1 million;
- an increase in indebtedness related to securitization and reverse factoring at SFR Group for a total amount of €225.0 million;
- the issuance of a commercial paper by SFR Group for an aggregate amount of €249.0 million;
- a vendor note amounting to €100.0 million related to SFR Group's acquisition of Altice Media Group;
- a decrease in bank overdrafts by €67.1 million from €126.7 million in 2015 to €59.6 million in 2016.

Non-current liabilities

The Group's non-current liabilities are mainly composed of bonds and indebtedness obtained from banking institutions in order to finance new acquisitions. The non-current liability position was €68,135.2 million as of December 31, 2016 compared to €52,275.4 million as of December 31, 2015.

The Company raises debt through its subsidiaries Altice Corporate Financing, Altice Luxembourg, Altice Finco, Altice Financing, SFR Group, Altice US Finance I, Cequel Communications Holdings I, LLC, Cequel Capital Corporation, Cablevision, CSC Holdings and certain of their subsidiaries.

As of December 31, 2016, senior and unsecured debentures and bank loans issued by the restricted group of (i) Altice Luxembourg amounted to €6,881.8 million (equivalent), (ii) SFR Group amounted to €16,933.7 million (equivalent), (iii) Altice International amounted to €8,240.8 million (equivalent), (iv) Suddenlink amounted to €6,223.3 million (equivalent) and (v) Cablevision amounted to €12,755.2 million (equivalent). In addition, the corporate facility contracted by Altice Corporate Financing amounted to €1,403.0 million and senior and unsecured debentures and bank loans incurred or owed by other Group Companies amounted to €262.9 million (equivalent).

Other non-current financial liabilities are mainly composed of liabilities related to transactions with non-controlling interest (put options, vendor notes, contributions) and a collateralized debt obligation at Cablevision. Other non-current financial liabilities increased from €1,565.9 million to €4,480.0 million compared to December 31, 2015, mainly as a result of:

- the re-measurement of the put option held by non-controlling interests in CVC 2 to €2,812.3 million from €748.0 million at December 31, 2015. This increase is mainly attributable to an increase in the underlying strike price for the put option, following the completion of the Cablevision acquisition and an additional investment by the minority investors in Suddenlink in CVC 2 to retain a 30.0% stake in the common parent company of Suddenlink and Cablevision;

- the non-current portion of a collateralized debt issued by Cablevision, amounting to €629.6 million. This indebtedness is guaranteed by an investment in the common stock of Comcast Corporation held by Cablevision and recorded as a financial asset for the year ended December 31, 2016. Cablevision holds 21.5 million shares in Comcast's common stock, which were acquired in connection with the sale of certain cable systems in prior years. The carrying amount of this investment was €1,406.9 million as of December 31, 2016. The lenders have no recourse to any other asset owned by Cablevision in connection with this collateralized instrument;

- loans provided by the minority investors in the common parent company of the Suddenlink and Cablevision groups for an aggregate amount of €498.1 million; and

- put agreements that the Group has entered into with non-controlling interests as part of the acquisition of GNP and Intelcia Group S.A. As per the requirements of IAS 39, these put instruments were measured and recorded at fair value in the caption 'other financial liabilities' for an amount of €100.8 million.

Retirement benefit obligations (included in non-current provisions) increased to €1,125.7 million as of December 31, 2016 (€1,051.7 million as of December 31, 2015). This increase is related to the acquisition of Cablevision (€78.9 million in assumed liabilities), Altice Media Group (€11.8 million) and GNP (€4.2 million).

Deferred tax liabilities increased by 226.0% to reach €8,074.3 million as of December 31, 2016, mainly as a result of the acquisition of Cablevision driven by the preliminary assessment of the identifiable assets and liabilities of Cablevision as part of its purchase price allocation.

2.5.7 Key operating measures

The Group uses several key operating measures, such as number of homes passed, Cable/Fiber unique customers, Cable/Fiber Revenue Generating Units, Fiber ARPUs and number of mobile subscribers, to track the financial and operating performance of its business. None of these terms are measures of financial performance under IFRS, nor have these measures been audited or reviewed by an auditor, consultant or expert. All of these measures are derived from the Group's internal operating and financial systems. As defined by the Group's management, these terms may not be directly comparable to similar terms used by competitors or other companies.

The tables below set forth the Group's key operating measures for the years ended December 31, 2016 and December 31, 2015, respectively:

Q4-16 [12 months]

	As and for the year ended December 31, 2016 (In € thousands except percentages and as otherwise indicated) (Unaudited)								
	France	Portugal	Optimum	Suddenlink	Israel [5]	Dominican Republic	French Overseas Territories	Belgium and Luxembourg	Total
Fiber / non-fiber systems									
Homes passed [1]	**25,732**	**4,985**	**5,121**	**3,254**	**2,454**	**740**	**178**	**283**	**42,747**
Fiber / cable homes passed	9,316	2,955	5,121	3,005	2,454	640	171	283	23,945
FIXED									
Fiber / cable unique customers [2]	**2,038**	**478**	**2,879**	**1,505**	**1,017**	**167**	**59**	**104**	**8,247**
Fiber / cable customer net adds	209	74	22	38	(10)	24	4	(0)	360
3P / 4P / 5P customers	1,653	443	1,867	421	489	74	49	48	5,044
3P / 4P / 5P penetration	81%	93%	65%	28%	48%	44%	83%	46%	61%
Total fiber / cable RGUs [3]	**5,514**	**1,395**	**7,009**	**2,920**	**2,176**	**368**	**157**	**216**	**19,754**
Pay TV	1,791	471	2,428	1,041	811	140	59	106	6,847
Pay TV net adds	198	75	(59)	(52)	(13)	12	4	(7)	158
Broadband	1,870	450	2,619	1,288	701	107	49	61	7,143
Broadband net adds	236	79	57	65	7	38	6	(1)	487
Telephony	1,853	474	1,962	592	664	121	49	49	5,764
Telephony net adds	239	75	(45)	15	4	41	6	(3)	333
RGUs per fiber / cable customer	2.7	2.9	2.4	1.9	2.1	2.2	2.7	2.1	2.4
Fiber / cable ARPU [4]	€40.2	€39.9	€138.6	€104.2	€54.8	€37.0	€63.0	€49.0	-
Total DSL / non-fiber unique customers	**4,075**	**1,122**	**-**	**-**	**-**	**131**	**29**	**-**	**5,357**
DSL / non-Fiber customer net adds	(463)	(155)	-	-	-	(2)	(22)	-	(643)
Total DSL / non-fiber RGUs (Incl. DTH)	**10,477**	**2,449**	**-**	**-**	**-**	**259**	**92**	**-**	**13,278**
TV	2,412	773	-	-	-	-	4	-	3,189
Broadband	4,075	654	-	-	-	77	29	-	4,836
Telephony	3,989	1,023	-	-	-	182	59	-	5,252
Total fixed B2C unique customers	**6,113**	**1,599**	**2,879**	**1,505**	**1,017**	**299**	**88**	**104**	**13,605**
Penetration of homes passed	24%	32%	56%	46%	41%	40%	49%	37%	32%
MOBILE B2C									
Total mobile subscribers	**14,625**	**6,169**	**-**	**-**	**1,187**	**3,752**	**223**	**4**	**25,961**
Postpaid subscribers	12,337	2,722	-	-	1,081	811	162	4	17,118
Postpaid net adds	(267)	46	-	-	114	9	14	(0)	(84)
Prepaid subscribers	2,288	3,447	-	-	105	2,941	61	-	8,842
Mobile ARPU	€22.6	€6.9	-	-	€11.4	€9.3	€32.3	€22.5	-

Q4-15 [12 months]

As and for the year ended December 31, 2015
(In € thousands except percentages and as otherwise indicated) (Unaudited)

	France	Portugal	Optimum	Suddenlink	Israel [5]	Dominican Republic	French Overseas Territories	Belgium and Luxembourg	Total
Fiber / non-fiber systems									
Homes passed [1]	**26,473**	**4,742**	**5,080**	**3,210**	**2,395**	**611**	**178**	**254**	**42,944**
Fiber / cable homes passed	7,711	2,237	5,080	2,960	2,395	512	171	254	21,322
FIXED									
Fiber / cable unique customers [2]	**1,814**	**404**	**2,858**	**1,467**	**1,027**	**143**	**55**	**104**	**7,872**
Fiber / cable customer net adds	267	20	(4)	40	(37)	20	9	(6)	310
3P / 4P / 5P customers	1,403	364	1,931	411	483	40	43	50	4,726
3P / 4P / 5P penetration	77%	90%	68%	28%	47%	28%	78%	48%	60%
Total fiber / cable RGUs [3]	**4,840**	**1,166**	**7,055**	**2,892**	**2,178**	**277**	**141**	**227**	**18,776**
Pay TV	1,593	396	2,487	1,093	824	128	55	113	6,688
Pay TV net adds	260	22	(87)	(46)	(29)	10	9	(12)	128
Broadband	1,634	371	2,562	1,223	694	69	43	61	6,656
Broadband net adds	322	28	44	74	(19)	24	13	1	486
Telephony	1,614	399	2,007	577	660	81	43	52	5,432
Telephony net adds	326	23	(40)	29	(11)	33	13	(1)	372
RGUs per fiber / cable customer	2.7	2.9	2.5	2.0	2.1	1.9	2.6	2.2	2.4
Fiber / cable ARPU [4]	€40.0	€39.7	€136.6	€100.2	€53.8	€36.0	€60.7	€47.7	-
Total DSL / non-fiber unique customers	**4,538**	**1,277**	**-**	**-**	**-**	**133**	**52**	**-**	**6,001**
DSL / non-Fiber customer net adds	(491)	(105)	-	-	-	(15)	(16)	-	(627)
Total DSL / non-fiber RGUs (Incl. DTH)	**11,756**	**2,763**	**-**	**-**	**-**	**300**	**138**	**-**	**14,957**
TV	2,784	852	-	-	-	-	11	-	3,647
Broadband	4,538	741	-	-	-	93	52	-	5,425
Telephony	4,434	1,169	-	-	-	207	75	-	5,885
Total fixed B2C unique customers	**6,353**	**1,681**	**2,858**	**1,467**	**1,027**	**277**	**107**	**104**	**13,873**
Penetration of homes passed	24%	35%	56%	46%	43%	45%	60%	41%	32%
MOBILE B2C									
Total mobile subscribers	**15,137**	**6,252**	**-**	**-**	**996**	**3,894**	**218**	**5**	**26,502**
Postpaid subscribers	12,604	2,676	-	-	967	803	148	5	17,203
Postpaid net adds	(400)	283	-	-	205	75	12	1	176
Prepaid subscribers	2,533	3,576	-	-	29	3,092	70	-	9,299
Mobile ARPU	€22.5	€7.0	-	-	€11.3	€9.9	€31.1	€27.3	-

(1) Total homes passed in France includes unbundled DSL homes outside of the SFR Group Business's fiber / cable (FTTH / FTTB) footprint. Portugal total homes passed includes DSL homes enabled for IPTV outside of PT Portugal's fiber footprint. Dominican Republic total homes passed includes DSL homes outside of Altice Hispaniola's and Tricom's fiber footprint. In Israel, the total number of homes passed is equal to the total number of Israeli homes. For Optimum, the total homes passed includes both the B2C (residential) and B2B (commercial) units. For Suddenlink, the total homes passed includes B2C (residential) units only, not B2B.

(2) Fiber / cable unique customers represents the number of individual end users who have subscribed for one or more of the Group's fiber / cable based services (including pay television, broadband or telephony), without regard to how many services to which the end user subscribed. It is calculated on a unique premises basis. The total number of fiber / cable customers does not include subscribers to either the Group's mobile or ISP services. Fiber / cable customers for France excludes white-label wholesale subscribers and includes a total of 19,000 La Poste TV customers from a new revenue sharing agreement within the B2C fixed base from the fourth quarter of 2016 (4,000 net additions in the fourth quarter). For Optimum and Suddenlink customers, it refers to the total number of unique B2C (residential) customer relationships but excludes B2B (consistent with Suddenlink prior disclosure, but not with Optimum prior disclosure that used to include B2C and B2B). For Optimum, the 2015 unique customer base has been reduced by 4,000 compared to prior disclosure to eliminate certain free accounts. For Israel, it refers to the total number of unique customer relationships, including both B2C and B2B.

(3) RGUs, or Revenue Generating Units, relate to sources of revenue, which may not always be the same as customer relationships. For example, one person may subscribe for two different services, thereby accounting for only one subscriber, but two RGUs. RGUs for pay television and broadband are counted on a per service basis and RGUs for telephony are counted on a per line basis. For Suddenlink and Optimum, this is equivalent to PSUs, or Primary Service Units.

(4) ARPU is an average monthly measure that the Group uses to evaluate how effectively the Group is realizing revenue from subscribers. ARPU is calculated by dividing the revenue for the service provided after certain deductions for non-customer related revenue (such as hosting fees paid by channels) for the respective period by the average number of customer relationships for that period and further by the number of months in the period. The average number of customer relationships is calculated as the number of customer relationships on the first day in the respective period plus the number of customer relationships on the last day of the respective period, divided by two. For Suddenlink and Optimum, Israel and the Dominican Republic, ARPU has been calculated by using the following exchange rates: average rate for the year ended December 31, 2016, €1.00 = $1.1069, €1.00 = ILS 4.2488, €1.00 = 50.8876 DOP, average rate for the year ended December 31, 2015, €1.00 = $1.1095, €1.00 = ILS 4.3122, €1.00 = 49.9712 DOP. Optimum's ARPU has been recalculated to exclude advertising revenue compared to prior disclosure.

(5) Mobile subscribers is equal to the net number of lines or SIM cards that have been activated on the Group's mobile networks. In Israel, the split between iDEN and UMTS (B2C only, including prepaid) services as follows: 10,000 iDEN and 1,177,000 UMTS as of December 31, 2016, and 13,000 iDEN and 983,000 UMTS as of December 31, 2015.

2.5.8 *Equity*

The Company is a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands.

The Company's Common Shares A and Common Shares B are traded on Euronext Amsterdam under the tickers ATC and ATCB.

As of December 31, 2016, the Company's authorized capital is €345,962,639.50, divided into the following shares:

- 8,299,152,975 Common Shares A, each with a nominal value of €0.01;
- 293,884,439 Common Shares B, each with a nominal value of €0.25;
- 4,700,000,000 Preference Shares A, each with a nominal value of €0.04; and
- 150,000,000 Preference Shares B, each with a nominal value of €0.01.

As of December 31, 2016, the Company's issued share capital consists of €76,482,509.50, divided into:

- 972,363,050 Common Shares A, of which 107,324,976 are held by the Company as treasury shares; and
- 267,035,516 Common Shares B.

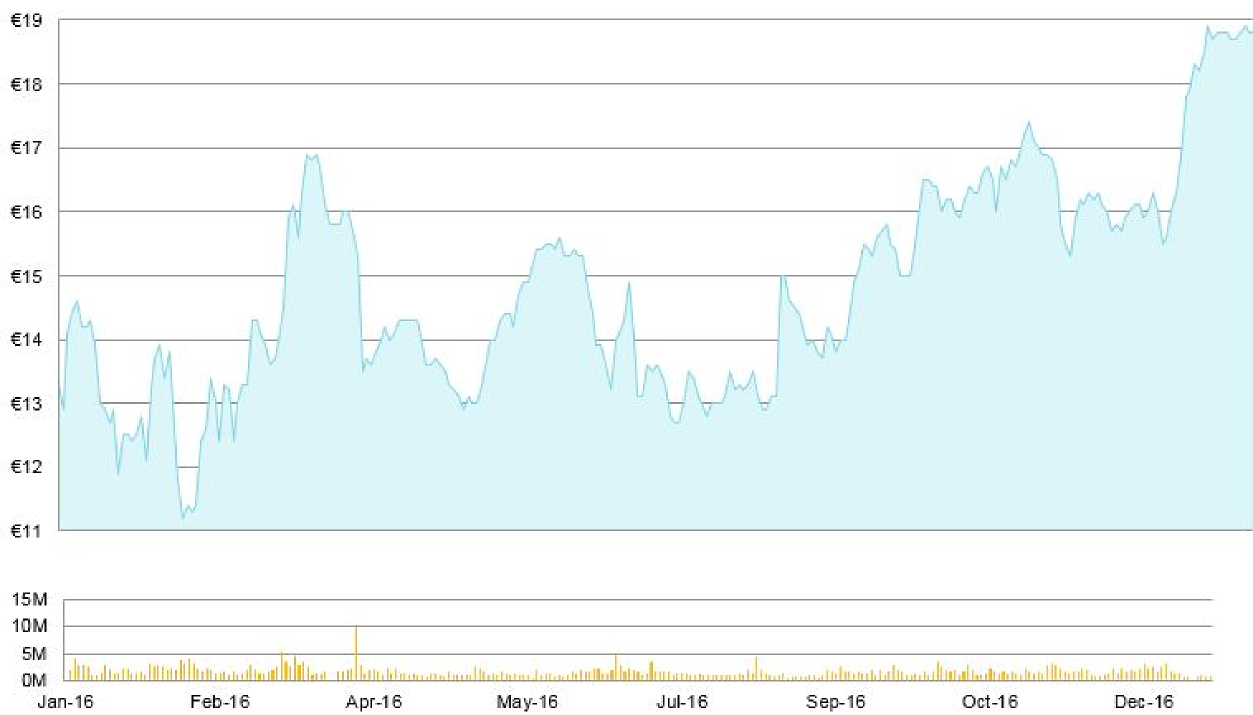
As of December 31, 2016, no Preference Shares A or Preference Shares B have been issued.

The Company has instituted a share conversion policy, whereby the holders of Common Shares B can opt to convert their Shares into Common Shares A. As part of the conversion, each Common Share B with a nominal value of €0.25 is converted into 25 Common Shares A having a nominal value of €0.01. The holder of the Common Share B then receives one Common Share A and sells the other 24 Common Shares A to the Company for no consideration. These repurchased Shares are held as treasury shares by the Company. As the consideration paid for the acquisition of the Common Shares A held by the Company was nihil, the carrying value of these Common Shares A is zero. For the year ended December 31, 2016, the Company had received and executed conversion orders amounting to a total of 5,244,725 Common Shares B.

As of December 31, 2016, total equity amounted to €(2,239.6 million) compared to €1,869.8 million as of December 31, 2015. The share of non-controlling interest amounted to €190.2 as of December 31, 2016 compared to €916.7 million as of December 31, 2015. The decrease is mainly explained by the recognition of put options with non-controlling interests in the Group's US businesses (non-cash impact of €2,064.3 million). The Group recorded a net loss of €1,861.5 million compared to a net loss of €301.2 million for the year ended December 31, 2015, thus also explaining the decrease in total equity. The Group believes that the negative equity position does not impact the going concern assumption for the Group (please see Note 33 to the Consolidated Financial Statements).

2.5.9 *Share performance*

The evolution of the price of the Common Shares A until December 31, 2016 is presented below and is based on data available from public sources (*Source: Bloomberg*).



The Common Shares A have shown a strong progression throughout the year, ending the year at €18.83, an increase of 43.3% versus the opening price at the beginning of the year. The increase in share price was mainly related to the improved performance of the Group's businesses in France and Portugal and the continued margin expansion in its Israel and Dominican Republic businesses. The share price was also positively impacted by the closing of the acquisition of Cablevision in June 2016 and the first results of the implementation of the Group's best practices in Suddenlink, which the Group has now owned for four consecutive quarters. The share price continued to rise steadily from September onwards, given the return to revenue growth (quarter over quarter) in France and Portugal (in the fourth quarter of 2016) after long periods of revenue declines (of which the majority were pre-Altice ownership).

2.5.10 Presence of branches

The Company has no branches as of December 31, 2016.

2.5.11 Dividends

The Company has not paid any dividends since its incorporation. In future years, the Company intends to assess the relevance of paying dividends in light of its strategy to prioritize value-enhancing acquisitions or investments in its infrastructure or portfolio of rights. Within this framework, the Company will at times consider returning capital to the Shareholders through ordinary and exceptional dividend as well as share buy-backs if deemed adequate on the basis of its review of the opportunity set for acquisitions or development projects.

2.5.12 Treasury shares

As of December 31, 2016, the Company held 107,324,976 Common Shares A as treasury shares.

As set forth in section 2.5.8 "*Equity*", the Company has instituted a share conversion policy, whereby the holders of Common Shares B can opt to convert their Shares into Common Shares A. As part of the conversion, each Common Share B with a nominal value of €0.25 is converted into 25 Common Shares A having a nominal value of €0.01. The holder of the Common Share B then receives one Common Share A and sells the other 24 Common Shares A to the Company for no consideration. These repurchased Shares are held as treasury shares by the Company. Accordingly, it depends on the holders of Common Shares B that may decide to convert their shares whether the Company will acquire additional Common Shares A to be held as treasury shares.

Treasury shares may be used to cover grants under the Company's stock option plan (the "**SOP**") and the Company's long term incentive plan (the "**LTIP**") (described in section 5.3.6 "*Share options*") and for other purposes. The Company may furthermore repurchase Shares which can be used to cover grants under the SOP and the LTIP. As described in section 3.7.8 "*Power to issue and repurchase Shares*", no authorization from the General Meeting is required for the acquisition of fully paid up issued Shares for the purpose of transferring the same to employees of the Company or of a Group Company under a scheme applicable to such employees (such as the SOP and the LTIP), provided that such issued Shares are listed on a stock exchange.

2.5.13 Events after the reporting period

New phase of the strategic partnership between SFR Group and NextRadioTV

On January 30, 2017, SFR Group announced that it intends to take over exclusive control of NextRadioTV and, to that effect, has filed the necessary application with the French regulatory authorities (CSA and French Competition Authority) in order to obtain their clearance of the proposed transaction, which will be implemented through the conversion of existing convertible bonds.

Acquisition of a stake in Sport TV

On February 24, 2017, PT Portugal's subsidiary MEO entered the capital of Sport TV, a sports broadcaster based in Portugal, strengthening its shareholder structure as a 25% shareholder along with NOS, Olivedesportos and Vodafone. This new structure benefits, above all, MEO's customers and the Portuguese market, guaranteeing all of the operators access to the sports content considered essential in fair and non-discriminatory market conditions.

Next Generation Enterprise Network Alliance

On February 27, 2017, the Group announced that it became a partner of the Next Generation Enterprise Network Alliance ("**NGENA**") in the market of VPN services for B2B clients. Being part of NGENA is an opportunity for the operating Group Companies to address B2B clients which have entities in several countries and would like to have their high performance private network with cloud services availability. NGENA is building and managing an alliance between service providers aiming at a global coverage of VPN services based on its innovative platform. Each operating Group Company will benefit from the alliance for selling VPN services to its B2B clients. Joining the alliance helps the Group Companies to gain immediate awareness and credibility as a worldwide service provider, to jumpstart on the VPN expertise and to accelerate penetration of the B2B market.

Acquisition of Audience Partners

On March 2, 2017, Altice USA acquired Audience Partners, a leading provider of data-driven, audience-based digital advertising solutions worldwide. Altice USA has a successful TV data and addressable advertising track record in the New York designated market area, and this will expand to include the digital capabilities of Audience Partners to deliver seamless multiscreen addressable solutions.

Judgement of the Paris Court of Appeal on the AMF decision of October 4, 2016

On October 4, 2016, the AMF decided to oppose the public exchange offer of the Company for its subsidiary SFR Group announced on September 5, 2016. As a result of the AMF decision, the offer was terminated, but the Company filed an appeal with the Court of Appeal of Paris against the decision of the AMF, which it believes was made in breach of applicable stock market regulations. On March 14, 2017, the Court of Appeal of Paris rejected the Company's appeal.

Refinancing of a portion of the existing debt of Suddenlink and Cablevision credit pools

On March 15, 2017, the Group announced that CSC Holdings successfully priced, for its Cablevision credit pool, $3 billion of 8.25-year senior secured term loans with institutional investors and Altice US Finance I successfully priced, for the Suddenlink credit pool, $1.265 billion of 8.25-year senior secured term loans with institutional investors. The new term loans will have a margin of 225bps over Libor, and be issued at an OID of 99.50. Closing of the new financing is subject to closing conditions. The proceeds of the terms loans will be used respectively to (i) refinance the entire $2.5 billion principal amount of loans under the 2015 Cablevision Credit Facility Agreement that mature in October 2024 and redeem $500 million of the 8.625% Senior Notes due September

2017 issued by Cablevision, and (ii) refinance the entire $815 million principal amount of loans under the 2015 Cequel Credit Facility Agreement that mature in January 2025 and redeem $450 million of the 2012 Cequel Senior Notes. Such refinancing will extend the average maturity of Cablevision's debt from 6.1 to 6.5 years and reduce the weighted average cost of its debt from 7.3% to 7.0%, and extend the average maturity of Suddenlink's debt from 6.6 to 6.9 years and reduce the weighted average cost of its debt from 5.6% to 5.3%.

Decision from the French Competition Authority of March 8, 2017

On October 30, 2014, the French Competition Authority authorized the Group to take exclusive control of SFR, subject to compliance with several commitments, including some relating to the performance of a joint investment agreement entered into by SFR and Bouygues Telecom on November 9, 2010. Pursuant to this agreement, SFR and Bouygues Telecom committed to jointly invest in the rollout of a horizontal fiber optic network in a defined number of towns and districts located in high density areas.

Following a complaint from Bouygues Telecom, the French Competition Authority officially opened an inquiry on October 5, 2015 into the conditions under which SFR Group complied with these commitments. On March 8, 2017, the French Competition Authority decided to impose a fine of €40 million on Altice Luxembourg and SFR Group, and to impose periodic penalty payments for each day of delay, for not having complied with the commitments set out in the agreement with Bouygues Telecom. The Group will appeal the decision.

Acquisition of Teads

On March 21, 2017, the Company announced that it has entered into an agreement to acquire Teads, the number one online video advertising marketplace in the world. The proposed transaction values Teads at an enterprise value of up to €285 million on a cash and debt free basis. The payment of the full purchase price is subject to Teads achieving certain revenue targets in 2017, with 75% of the purchase price due at closing and the remaining 25% being subject to Teads' 2017 revenue performance and becoming payable in early 2018. The proposed transaction is subject to certain competition reviews and is expected to close in mid-2017.

The acquisition of Teads is another critical component for the Group's global advertising strategy. The Group will provide its clients with data-driven, audience-based advertising solutions on multiscreen platforms including TV, digital, mobile and tablets. It will also provide an open and intelligent advertising platform to the media industry, programmers and multichannel video programming distributors. Together with sophisticated return on investment analysis capabilities, leveraging multiscreen subscriber data information, this will put the Group in a unique position to grow its global advertising platform and better monetize its core telecommunications access and content business.

Refinancing of a portion of the existing debt of Altice International group and SFR Group Business credit pools

On March 23, 2017, the Group announced that SFR Group successfully priced, for the SFR Group Business credit pool, $1.420 billion and €1.145 billion of 8.25-year term loans B, and that Altice Financing successfully priced, for the Altice International group credit pool, $910 million of 8.25-year term loan B. The new term loans will have a margin of 275bps over Libor (for the U.S. Dollar loans) and 300bps over Euribor (for the euro loan) and be issued at an OID of 99.75 for the U.S. Dollar loans and 100 for the euro loan. Closing of the new financing is subject to closing conditions. The proceeds of the term loans B will be used respectively to (i) refinance the €850 million and $1.418 billion principal amount of loans under the 2014 SFR Credit Facility Agreement that mature respectively in April 2023 and in January 2024, and €297 million principal amount of loans under the 2014 SFR Credit Facility Agreement that mature in July 2023, and (ii) refinance the €446 million principal amount of loans under the 2015 Altice Financing Credit Facility Agreement that mature in July 2023 and redeem the entire $425 million of the 2012 Senior Notes. Such refinancing will extend the average maturity of SFR Group Business' debt from 7.3 to 7.6 years and reduce the weighted average cost of its debt from 5.2% to 4.9%, and extend the average maturity of Altice International group's debt from 6.7 to 7 years and reduce the weighted average cost of its debt from 6.2% to 5.9%.

2.5.14 Related party transactions

As part of its business operations, the Group may from time to time enter into transactions with related parties. Transactions that the Group enters into with related parties are mainly related to the following:

- transactions with minority investors in Suddenlink and Optimum;
- transactions with associates of the various operating entities of the Group such as the SFR Group Business;
- payments for services rendered by the controlling shareholder of the Company.

Such transactions are limited to (i) exchange of services between associates of the SFR Group Business and the SFR Group Business (please see Note 8 to the Consolidated Financial Statements for more details on associates), (ii) the entering into a brand license and services agreement with the controlling shareholder of the Company and (iii) significant debt transactions with minority shareholders in Suddenlink and Optimum and other transactions with the controlling shareholder of the Group. The Group also entered into rental agreements to rent office space in France for the SFR Group Business from a company controlled by the controlling shareholder of the Group.

In addition to the transactions mentioned above, certain managers and executives can acquire equity in the Company as part of the management investment plan that has been put in place by the Company. In the year ended December 31, 2016, certain shareholders of the Company acquired an indirect minority interest in Altice USA for an aggregate amount of €40.7 million.

The Group now licenses the Altice brand from Next as part of a brand license and services agreement concluded in 2016. As part of this agreement, the Group has the exclusive right to use the Altice brand worldwide for (i) corporate identification purposes and (ii) commercial purposes in the telecommunication, content and medias sectors (please see section 3.8.1 "*Conflict of interest and transactions with major Shareholders*" for further details regarding the brand license and services agreement).

There was also a transaction with an entity controlled by the controlling shareholder to sell a €9.0 million stake ($10 million equivalent) in CVC 1. The transaction was completed on July 1, 2016 and the amount was recorded as a current receivable as of June 30, 2016. This transaction was preceded by the re-purchase of a $10 million stake previously owned by JKLT Limited, which was subsequently sold as described here.

Transactions with related parties are not subject to any guarantees. All such transactions are at arm's length and settled in cash. The table below shows a summary of the Group's related party transactions for the year, and outstanding balances as at, December 31, 2016.

Related party transactions - Income and Expense	**December 31, 2016**			**December 31, 2015**		
(€m)	**Revenue**	**Operating expenses**	**Financial expenses**	**Revenue**	**Operating expenses**	**Financial expenses**
Equity holders	-	41.3	-	0.3	3.5	-
Executive managers	-	-	-	-	1.4	-
Associate companies	130.3	104.5	31.9	118.2	46.0	1.8
Total	**130.3**	**145.8**	**31.9**	**118.5**	**50.9**	**1.8**

Related party transactions - Assets	**December 31, 2016**			**December 31, 2015**		
(€m)	**Loans and receivables**	**Trade receivables and other**	**Current accounts**	**Loans and receivables**	**Trade receivables and other**	**Current accounts**
Equity holders	-	-	-	4.7	1.2	-
Executive managers	-	-	-	-	-	-
Associate companies	122.1	36.9	-	439.3	30.6	-
Total	**122.1**	**36.9**	**-**	**444.0**	**31.8**	**-**

Related party transactions - Liabilities	December 31, 2016			December 31, 2015		
	Other financial liabilities	**Trade payables and other**	**Current accounts**	**Other financial liabilities**	**Trade payables and other**	**Current accounts**
(€m)						
Equity holders	-	12.0	-	0.2	0.3	-
Executive managers	-	-	-	-	-	-
Associate companies	3,805.2	5.9	-	1,212.7	96.9	-
Total	**3,805.2**	**17.9**	**-**	**1,212.9**	**97.2**	**-**

The principal variations in the related party transactions are explained below:

- the increase in the related party transactions for operating expenses, accounts receivables, accounts payables and revenues is related to transactions the SFR Group Business has with its associate companies;

- the decrease in loans and receivables is mainly due to the full consolidation of NextRadioTV by the Group for the year ended December 31, 2016. NextRadioTV was accounted for as an associate as of December 31, 2015. Such loans and receivables amounted to €297.3 million as of December 31, 2015;

- the increase in other financial liabilities is mainly related to (i) debt issued by Altice USA and subscribed by the non-controlling interests in CVC 2 for an amount of €474.3 million ($525 million equivalent), (ii) re-evaluation of the put with minority shareholders in CVC 2 for a total amount of €1,723 million, (iii) a vendor note for a nominal amount of €100 million, bearing interest at 3.8% and due on May 24, 2017, relating to the acquisition of Altice Media Group by SFR Group from a company controlled by the controlling shareholder of the Group, and (iv) an agreement for the exclusive use of a datacentre located in Switzerland and owned by a company controlled by the controlling shareholder of the Group, for an amount of €29.6 million. These increases were partially offset by the partial repayment of the 2015 Vendor Notes granted by the non-controlling investors in Suddenlink, for an aggregate amount of €289.6 million ($304 million equivalent);

- the increase in operating expenses and liabilities related to equity holders is mainly due to the fact that the Group now licenses the Altice brand from Next as part of a brand license and services agreement concluded in 2016 (please see section 3.8.1 "*Conflict of interest and transactions with major Shareholders*" for further details regarding the brand license and services agreement).

The descriptions of the related party transactions are included in Note 30 to the Consolidated Financial Statements. In addition, transactions with Executive Board Members that require disclosure related to conflicts of interest and transactions with major Shareholders are described in section 3.8.1 "*Conflict of interest and transactions with major Shareholders*".

2.6 Future developments

Restructuring plans in France

On August 4, 2016, the Group and representative unions of the SFR Group Business' telecom division signed an agreement to allow the Group to adapt to the demands of the telecom market by building a more competitive and efficient organization. This agreement reaffirms the commitments to maintain jobs that were made at the time of the acquisition of SFR until July 1, 2017, and defines the internal assistance guarantees and the conditions for voluntary departures that would be implemented as of the second half of 2016. This agreement stipulates three steps:

- the reorganization of retail, which resulted in a voluntary departure plan as from the fourth quarter of 2016;

- the preparation of a new voluntary departure plan to be launched in July 2017, preceded by the possibility for employees who would like to benefit from this plan to request suspension of their employment contract in the fourth quarter of 2016 in order to pursue their professional plans outside the company; and

- a period between July 2017 and June 2019 during which employees could also benefit from a voluntary departure plan under conditions to be defined.

The Group has made a commitment that the SFR Group Business' telecom division will have no fewer than 10,000 employees during the period until June 30, 2019.

Investments in network and content

Based on the results of operations and the implementation of various strategies, the Group believes that it will be able to make substantial investments in the geographies in which it operates, including France, Portugal and the US.

In France, the Group aims to accelerate the build-out of its 4G network to have a market-leading mobile network in place by the end of 2017. The Group also aims to continue the expansion of its fiber network in France and Portugal and intend to capitalize on its past investments in improved fiber infrastructure. In France, the Group is committed to deploying fiber broadband coverage to 22 million homes by 2022. In Portugal the Group aims to reach 5.3 million homes by 2020 to capitalize on PT Portugal's leading market position and unmatched service offerings.

Across its footprint, the Group will also seek to replicate the successful convergence of its Portuguese customer base into quad- and multi-play offerings, which have lower churn rates, in order to increase cross- and up-selling opportunities and to achieve cross-border operational synergies.

In the US, the Group is committed to the implementation of Operation GigaSpeed at Suddenlink. In addition, on November 30, 2016, the Group announced 'Generation GigaSpeed', its plan to invest further in the US, by building a next-generation FTTH network capable of delivering broadband speeds of up to 10 Gbps across its entire Cablevision footprint and part of its Suddenlink footprint.

The Group will continue to strategically invest in content across geographies segments to enrich its differentiated and convergent communication services as well as to reduce churn and increase ARPU.

Potential initial public offering of Altice USA

The Company is exploring the possibility of an initial public offering of a minority interest in Altice USA, although the structure or timing of any such IPO is still uncertain and no assurance can be given that an IPO will be completed.

Sale of the Group's Belgian and Luxembourg telecommunication businesses

The Group aims at completing by June 30, 2017 the sale of its Belgian and Luxembourg telecommunication businesses which was announced on December 22, 2016 (please see section 2.4.1 "*Significant events affecting historical results*").

Refinancing activities

The Group will continue to opportunistically evaluate refinancing options of its debts, in order to obtain more attractive commercial terms, reduce the interest rates and extend the average maturity of its debts.

2.6.1 Unusual events

There have not been any unusual events affecting the Company in the financial year ended on December 31, 2016.

2.6.2 Research and development

In 2016, as part of the Altice Way, the Group implemented the Altice Labs initiative, which aims at leveraging the engineering talents which are present in the Group Companies and centralizing and streamlining innovative technological solutions development for the entire Group. The Altice Labs aim to (i) create products and technology to facilitate the build-out of the Group's fixed and mobile network, (ii) develop systems to improve customer experience and handle disturbances and outages with speed and precision allowing for a near to

uninterrupted usage of the Group's services and (iii) create user friendly and high quality customer interfaces and products, including new generation set-top boxes, portals and IoT. Altice Labs was first based in Portugal and now has presence in France and Israel and will continue its expansion in the United States and the Dominican Republic. The teams of the different Altice Labs work closely, under the roadmap and leadership provided by the Group, and share technologies and products to enhance the services the Group provides in each of the jurisdictions in which the Group operates. The Altice Labs R&D work encompasses, inter alia, the following areas of innovation:

- telecommunications hardware through, for example, the development of (i) optical networking solutions, such as the NGPON2, a technology that allows to increase the current speed of the optical fiber access 16 to 32 times faster than what exists today and (ii) mobile network solutions, such as 5G, Altice Labs being committed to sharing the European Union's efforts to lead the development of this technology worldwide;

- business support systems, through the development of integrated products BSS (Business Support Systems) focusing on software solutions that enable value chain monetization and services that improve and personalize the customer experience;

- NOSSIS, which is a set of integrated OSS (Operations Support Systems) products which includes operational end-to-end processes via a shaping architecture, and enables telecom operators to manage multi-technology and multi-service networks and simplify implementation processes in their operations;

- TV, with the development of interactive services that enables a next-generation TV experience; and

- innovative customer experience.

The following are a few examples of the recent innovations developed by the Group:

- In the B2B segment, the Group has recently leveraged the unified communication platform developed in Altice Labs Portugal, which is extremely successful in the Portuguese market, and deployed this technology in the US. This platform offers an extremely rich set of Hosted PBX features (which permits B2B customers to avoid a costly investment in a complex business phone system and still enables them to utilize telephony functionalities such as voicemail, conference calls, etc.) as well as capabilities to manage seamlessly mobile and fixed calls on mobile, fixed or soft phone devices. The Group plans to further roll out this technology in Israel, the Dominican Republic and France in 2017.

- The Group decided to further develop and roll out the call center as a service platform, known as Call Contact and developed in France, to the rest of the Group's footprint. This solution, sold as a service and which combines an interactive voice server and call center services, brings to small and medium B2B customers a full set of call management functionalities that will enable them to manage an internal call center organization without having to support significant investment or long project.

- The Global M2M platform, developed in Portugal, brings full connectivity management capabilities to the Group's M2M or IoT customers. This layer is one of the critical characteristic required to successfully implement internet of things applications that will triggered the re-engineering of key processes within the Group's B2B customers.

- In the B2C segment, the Group has developed a Smart Home offering and gateway to enable monitoring services (video, presence sensors), home automation (lighting and electrical appliances control), energy management, etc.

To promote further innovations, the Group is also part of various forums and groups throughout Europe and the United States but also has a strong relationship with other service providers to enhance the infrastructure products and services it offers.

2.7 Risk management and control

The Group recognizes that effective risk management is critical to enable the Group to meet its strategic objectives. As a structured approach, risk management is integrated in the Group's strategic planning and operational

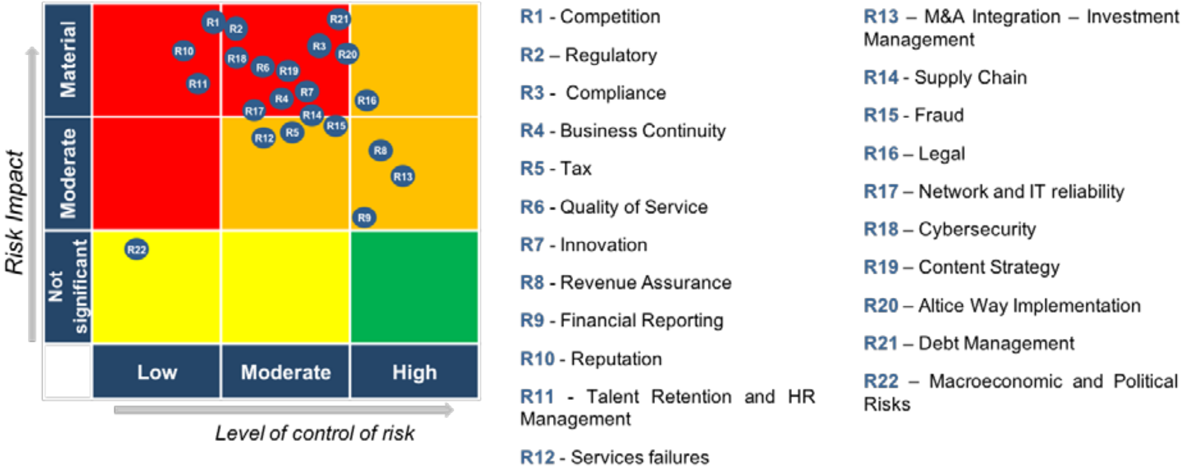
management procedures, and relies on the commitment of all employees to adopt risk management as an integral part of their duties, notably by identifying, reporting and implementing risk mitigation measures and behaviors. Therefore, the Group is continuously monitoring its risk management framework, policies and procedures, in order to adapt to the ever-changing environment where the Group operates.

The Group conducts annual risk assessments to identify the main risks the Group is exposed to and to determine appropriate measures with the view to focus on internal controls in the relevant areas. The Group therefore operates a risk management framework designed to account for its geographically diversified market presence and product portfolio. The Group's risk management framework enables its risks to be identified, assessed, managed and monitored. The Group categorizes its risks into four groups:

- strategic risks – risks and uncertainties that may hamper the achievement of strategic and/or business plans of the Group;
- operational risks – risks and uncertainties that may potentially affect the effectiveness and efficiency of the Group's current business and operations;
- financial risks – risks and uncertainties with respect to the Group's financial position; and
- compliance risks – risk and uncertainties with respect to laws and regulations that can have an impact on the Group's organization and/or business processes and operations.

The Group's risk assessment approach consists of two parts: (i) identification of the key risks and events that can material affect the Group's strategic objectives and operations, using a "top down" and a "bottom up" exercise conducted in its key operations and geographies – United States, France, Portugal, the Dominican Republic and Israel; and (ii) assessment of the probability of occurrence of such risks and of their impact on the Group's strategy and operations, and determination of the level of control the Group has over those risks (risk mapping). The Group conducted its risk mapping exercise in 2016 to reflect the changes in its corporate structure and the evolving economic, business and regulatory environment. The exercise was performed through workshops conducted across the key Group's entities, businesses and geographies, and involved around 130 senior executives.

The below illustration shows the key risks identified for the Group, that were considered to be the most material, although there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that also could have material adverse effects on the Group's results of operations, financial condition, business or operations in the future.



2.7.1 *Key risks*

Competition (R1)

The Group faces significant competition from established and new competitors in each of the countries and segments in which it operates. The nature and level of the competition the Group faces varies in each of its countries of operation and for each of the products and services it offers. For its fixed services, the Group's competitors include, but are not limited to, providers of television, broadband Internet, fixed line telephony and B2B services using xDSL or fiber connections, providers of television services using technologies such as IPTV, providers of television by satellite, DTT providers, mobile network operators, and providers of emerging digital

entertainment technologies and other providers of wholesale carrier, infrastructure and white label services. For its mobile services, the Group faces competition from other mobile operators who own and operate a mobile network as well as from providers of VoIP and MVNOs. For its wholesale services, the Group's key competitors include but are not limited to, wholesale providers of voice, data and fiber services. For its media and content offerings, the Group's competitors include historical private media groups, public radio operators, and online content aggregators with broadcast OTT programs on a broadband network.

In some instances, the Group's competitors may have easier access to financing, more comprehensive product ranges, lower financial leverage, greater financial, technical, marketing and personnel resources, larger subscriber bases, wider geographical coverage for their cable or mobile networks, greater brand name recognition and experience or longer established relationships with regulatory authorities, suppliers and customers. Some of the Group's competitors may have fewer regulatory burdens with which they are required to comply because, among other reasons, they use different technologies to provide their services, do not own their own fixed line network, or are not subject to obligations applicable to operators with significant market power.

There has been a trend of consolidation of telecommunications operations on a number of countries in which the Group operates. Merger, joint ventures, and alliances among franchised, wireless, or private cable operators, satellite providers, local exchange carriers, and other telecommunication service providers, in any of the jurisdictions in which the Group operates may provide additional benefits to some of its competitors, either through access to financing, resources, or efficiencies of scale, or the ability to provide multiple services in direct competition with the Group. Competition may also increase following the creation of public-private joint ventures.

Because the telecommunications and mobile markets in Western Europe and the United States in which the Group operates are reaching saturation, there are a limited number of new subscribers entering the market and therefore in order to increase its subscriber base and market share it is dependent on attracting the Group's competitors' existing subscribers, which intensifies the competitive pressures it is subject to. Moreover, the competitive landscape in those countries is generally characterized by increasing competition, tiered offerings that include lower priced entry-level products and a focus on multi-play offerings including special promotions and discounts for customers who subscribe for multi-play services, which may contribute to increased average revenue per unique customer relationship, but will likely reduce the Group's ARPU on a per service basis for each service included in a multi-play package. The Group expects additional competitive pressure to result from the convergence of broadcasting and communication technologies, as a result of which participants in the media and telecommunications industries seek to offer packages of fixed and mobile voice, Internet and video broadcast services.

The Group's products and services are also subject to increasing competition from alternative new technologies or improvements in existing technologies. For example, its pay TV services in certain jurisdictions compete with providers who provide IPTV services to customers in its network areas utilizing DSL or VDSL broadband Internet connections. In the broadband Internet market, the Group generally faces competition from mobile operators as they are increasingly able to utilize a combination of progressively powerful handsets and high bandwidth technologies, such as UMTS and LTE technology. Mobile services, including those offering advanced higher speed, higher bandwidth technologies and MVNOs also contribute to the competitive pressures that the Group faces as a fixed line telephony operator. In the past, mobile operators have engaged in 'cut the line' campaigns and have used attractive mobile calling tariffs to encourage customers with both fixed line and mobile services to retain only their mobile services. This substitution, in addition to the increasing use of alternative communications technologies, tends to negatively affect the Group's fixed line call usage volumes and subscriber growth. At the same time, incumbent fixed line operators have also applied resources to 'win back' activities that can entice the Group's existing telephony customers, as well as prospective telephony customers, to return or remain with the incumbent by offering certain economic incentives.

In addition, new players from sectors that are either unregulated or subject to different regulations (including Internet players such as Yahoo, Google, Microsoft, Amazon, Apple, YouTube, Netflix and other audiovisual media players, which operate OTT of an existing broadband Internet network without the Internet access provider being involved in the control or distribution of the program), have also emerged as competitors to the Group's video content offering. These players are taking advantage of improved connectivity and platform agnostic technologies to offer over the top and cloud based services. Telecommunications operators are expected to maintain traditional access services and billing relationships over which users access services from adjacent players such as well-known companies offering music, video, photos, apps and retail. The rapid success of audiovisual content streamed through the telecommunications network and insufficient innovation could lead to the emergence of other content or service providers as well as the saturation of the network, which would put

pressure on the revenues and margins of operators like the Group while simultaneously requiring them to increase capital expenditures to remain competitive, which could adversely affect the Group's business, financial condition or results of operations.

Moreover, the Group is also facing competition from non-traditional mobile voice and data services, based on new mobile voice over the Internet technologies, in particular OTT applications, such as Skype, Google Talk, Facetime, Viber and WhatsApp. These OTT applications are often free of charge, accessible via smartphones and allow their users to have access to potentially unlimited messaging and voice services over the Internet, thus bypassing more expensive traditional voice and messaging services ("SMS"/"MMS") provided by mobile network operators like the Group, who are only able to charge the Internet data usage for such services. With the growing share of smartphone users in the jurisdictions in which the Group operates, there is an increasing number of customers using OTT services. All telecommunications operators are currently competing with OTT service providers who leverage existing infrastructures and are often not required to implement capital-intensive business models associated with traditional mobile network operators like the Group. OTT service providers have over the past years become more sophisticated and technological developments have led to a significant improvement in the quality of service, particularly in speech quality. In addition, players with strong brand capability and financial strength, such as Apple, Google, or Microsoft, have turned their attention to the provision of OTT audio and data services. In the long term, if non-traditional mobile voice and data services or similar services continue to increase in popularity and if the Group, or more generally all the telecommunications operators, are not able to address this competition, this could cause declines in ARPU, subscriber base and profitability across all of the Group's products and services, among other material adverse effects.

In addition, the Group may face increasing competition from a large-scale roll-out of public Wi-Fi networks by local governments and utilities, transportation service providers, new and existing Wi-Fi telecommunications operators and others, which particularly benefits OTT applications. Due to the ability to leverage their existing infrastructure and to roll out public Wi-Fi in a cost-efficient way, the Group's competitors may be better positioned to offer their customers public Wi-Fi access at attractive terms and conditions or as part of their current mobile and landline offerings, which may affect the Group's ability to retain or acquire customers. Furthermore, the Group's competitors may realize cost savings by off-loading mobile data traffic onto their own Wi-Fi networks or those of their partners in order to reduce costs and increase bandwidth more quickly or efficiently than the Group can. An increase in public Wi-Fi networks could also cause declines in ARPU and profitability as demand for the Group's network and services decreases.

In order to mitigate these risks, the Group actively monitors market developments and trends in customer demands. The Group also develops initiatives and programs to promote customer experience, such as introducing new innovative products and services and investing in the technology and networks (LTE and FTTH) as well as in content offerings. In addition, the Group is implementing organizational restructuration initiatives and programs in order to set up a more agile organization and processes to enable a lower level of operational costs and adapt to new market developments.

Legislation and regulatory matters – Compliance (R2 and R3)

The Group's activities as a television, broadband Internet infrastructure access provider, ISP, fixed line, international long distance telephony and mobile operator, and media and content provider are subject to regulation and supervision by various regulatory bodies, including local and national authorities in the jurisdictions in which it operates. Such regulation and supervision, as well as future changes in laws or regulations or in their interpretation or enforcement that affect the Group, its competitors or its industry, strongly influence how the Group operates its business. Complying with existing and future law and regulations may increase its operational and administrative expenses, restrict its ability or make it more difficult to implement price increases, affect its ability to introduce new services, force the Group to change its marketing and other business practices, and/or otherwise limit its revenues. In particular, the Group's business could be materially and adversely affected by any changes in relevant laws or regulations (or in their interpretation) regarding, for example, licensing requirements, access and price regulation, interconnection arrangements or the imposition of universal service obligations, or any change in policy allowing more favorable conditions for other operators or increasing competition. There can be no assurance that the provision of the Group's services will not be subject to greater regulation in the future. Furthermore, a failure to comply with the applicable rules and regulations could result in penalties, restrictions on the Group's business or loss of required licenses or other adverse consequences.

In addition, the Group is subject to antitrust rules and regulations and is, from time to time, subject to review by authorities concerning whether it exhibits monopoly power in any of the markets in which it operates. To the

extent that the Group is deemed by relevant authorities to exhibit significant market power, it can be subject to various regulatory obligations adversely affecting its results of operations and profitability. Regulatory authorities may also require the Group to grant third parties access to the Group's bandwidth, frequency capacity, and facilities or services to distribute their own services or resell its services to end customers. Remedies imposed by the regulators may also require the Group to provide services in certain markets or geographic regions or to make investments that it would otherwise not choose to make. In addition, the Group incurred, and may still have to incur, expenses to adapt its operations to changing regulatory requirements and to ensure regulatory compliance. The Group may have to divert resources from its business operations in order to fulfil its regulatory obligations, which could adversely affect its ability to compete.

The Group collects and processes subscriber data as part of its daily business and the leakage of such data may violate laws and regulations which could result in fines, loss of reputation and subscriber churn and adversely affect its business.

The Group might also be exposed to risks of non-compliance due to the non-observance or the breach of internal (self-regulation such as, for example, bylaws or code of ethics) and external rules (laws and regulations), with consequent judicial or administrative penalties, financial losses or reputational damage.

The Group monitors closely the risks and opportunities that could result from new regulations in the different geographies in which it operates, and implements policies, processes and internal control procedures, aiming to limit exposure to complex legal, regulatory and compliance requirements. The Group also aims to have an on-going, open and transparent discussion with regulatory authorities. In addition, the Group aims to ensure that processes, procedures, systems and corporate conduct comply with legal requirements.

Business continuity management (R4)

The Group is required to hold licenses, franchises, permits and similar authorizations to own and operate its networks and to broadcast its signal and radio and TV content to its customers. These authorizations generally require that the Group complies with applicable laws and regulations, meets certain solvency requirements and maintains minimum levels of service. Should the Group fail to comply with these, it may be subject to financial penalties from the relevant authorities and there may also be a risk that licenses could be partially or totally withdrawn. The imposition of fines and/or the withdrawal of licenses could have a material adverse effect on the Group's results of operations and financial condition and prevent the Group from conducting its business. In addition, such authorizations are generally granted for fixed terms and must be periodically renewed. The procedure for obtaining or renewing these licenses can be long and costly and authorities often demand concessions or other commitments as a condition for renewal. In addition, these licenses may not be obtainable or renewable in a timely manner or at all. In some instances, such authorizations have not been renewed at expiration, and the Group has operated and is operating under either temporary operating agreements or without an authorization while negotiating renewal terms with the local franchising authorities. Should the Group not be able to obtain or renew the licenses needed to operate or develop its business in a timely fashion, its ability to realize its strategic objectives may be compromised. In certain cases, the Group's mobile licenses require it to comply with certain obligations (population coverage, sharing in certain areas, national roaming) and the Group may suffer adverse consequences if it is not able to comply with these obligations.

In certain operations, the Group's cable system franchises are non-exclusive. Consequently, local and state franchising authorities can grant additional franchises to competitors in the same geographic area or operate their own cable systems. In some cases, local government entities and municipal utilities may legally compete with the Group without securing a local franchise or more favorable franchise terms. There are federal legislative and regulatory proposals now pending regarding the ability of municipalities to construct and deploy broadband facilities that could compete with the Group's cable systems. In addition, certain telephone companies are seeking authority to operate in communities within the geographies in which the Group operates without first obtaining a local franchise. As a result, competing operators may build systems in areas in which the Group holds franchises.

The Group monitors closely, through its operational teams, the compliance with requirements under the licenses, franchises, permits and similar authorizations it holds to own and operate its networks and that support its business processes and services. In addition, the Group has processes in place that enable it to identify and act in cases of any potential non-compliance.

Taxation (R5)

Any change in local or international tax rules, for example prompted by the OECDs emerging recommendations on Base Erosion and Profits Shifting (a global initiative to improve the fairness and integrity of tax systems) or by the implementation of the EU Anti-Tax Avoidance Directive (2016/011/CNS), or adverse decision by tax authorities, may have an adverse effect on the Group's tax status and its financial results. Any such changes may also affect the return on an investor's investment in the Group and result in changes in personal tax rates and tax relief.

The Group monitors closely changes in tax legislation in the different countries where it operates, as part of its tax governance. In addition, the Group maintains a constructive engagement with the various tax authorities and relevant government representatives in the countries where it operates. When appropriate, the Group seeks additional advice from external advisors. Furthermore, the Group maintains an internal control framework for key tax risk areas.

Nevertheless, significant judgment is required in determining the Group's tax positions, amongst others corporate income tax and value added tax ("**VAT**"). In the ordinary course of business, there are transactions where the ultimate tax determination is uncertain. Additionally, calculation of the tax positions is based in part on interpretations of applicable tax laws in the jurisdictions in which the Group operates. Although the Group believes its tax estimates are reasonable, there is no assurance that the final determination of its tax positions will not be materially different from what is reflected in its statement of income and related balance sheet accounts. Should additional taxes be assessed as a result of new legislation, tax litigation or an audit, if the tax treatment should change as a result of changes in tax laws, or if the Group were to change the locations in which the Group operates, there could be a material effect on its results of operation or financial position.

Quality of service - Services failures (R6 and R12)

Many of the Group's products and services are manufactured and maintained through complex and precise technological processes. These complex products may contain defects or experience failures when first introduced or when new versions or enhancements to existing products are released. The Group cannot guarantee that, despite testing procedures, errors will not be found in new products after launch. Such errors could result in a loss of, or a delay in, market acceptance of the Group's products, increased costs associated with customer support, delay in revenue recognition or loss of revenues, writing down the inventory of defective products, replacement costs, or damage to the Group's reputation with its customers and in the industry. As a result, the Group could incur substantial costs to implement modifications and correct defects. Any of these problems could materially adversely affect its results of operations

The volume of contacts handled by the Group's customer service functions can vary considerably over time. The introduction of new product offerings can initially place significant pressure on its customer service personnel. Increased pressure on such functions is generally associated with decreased satisfaction of customers.

In the B2B and wholesale markets, customers require service to be extremely reliable and to be reestablished within short timeframes if there is any disruption. Penalties are often payable in the case of failure to meet expected service quality. In addition, product installation can be complex, requiring specialized knowledge and expensive equipment. Delays and service problems may result in both penalties and the potential loss of customers. In these segments, the Group relies on its experienced customer relations personnel to handle any customer issues or requests, and the loss of such personnel can result in the loss of customers.

The Group has in the past experienced significant levels of customer dissatisfaction as a result of operational difficulties. Improvements to customer service functions may be necessary to achieve desired growth levels, and if the Group fails to manage such improvements effectively and achieve such growth, it may in the future experience customer service problems and damage its reputation, contributing to increased churn and/or limiting or slowing its future growth.

The Group's ability to attract and retain subscribers to its fixed and mobile telephony services, or to increase profitability from existing subscribers, will depend in large part on its ability to stimulate and increase subscriber usage, convince subscribers to switch from competitors' services to its services, offer the network quality and coverage, delivery best in class customer services, and on its ability to minimize customer churn.

The Group remains focused on continuing to improve network quality to provide its customers with the best network and technologies offerings. In addition, the Group is deploying a program to improve the effectiveness and quality of its customer care services in all geographies in which the Group operates.

Innovation (R7)

The Group's business is characterized by rapid technological change and the introduction of new products and services. Innovation cycles in the telecommunications industry are getting shorter and technologies are superseding existing technologies, products or services at a fast pace. Therefore, the Group is subjected to the risk of failing to leverage technological advances and developments in its business model, to obtain or maintain competitive advantages. The continuous investment in innovation by the Group has proved to be essential for enhancing the leadership and competitiveness of the Group in the various segments and markets in which it operates. As part of the Group's continued investment in innovation, the Group launched Altice Labs. The Group also aims to promote innovation and creativity by seeking partnerships with universities, corporate networks, and start-ups.

In addition, in response to changing consumer habits, the Group has focused its offers towards convergence, mobility and virtualization of content and services. If any new or enhanced technologies, products or services that the Group introduces fail to achieve broad market acceptance or experience technical difficulties, its revenue growth, margins, cash flows and competitive advantage may be adversely affected.

The Group's business may suffer if the Group cannot continue to license or enforce the intellectual property rights on which its business depends, or if it is subject to claims of intellectual property infringement. The Group relies on patent, copyright, trademark and trade secret laws and licenses and other agreements with its employees, customers, suppliers and other parties to establish and maintain its intellectual property rights in content, technology and products and services used to conduct its businesses. However, the Group's intellectual property rights or those of its licensors could be challenged or invalidated, the Group could have difficulty protecting or obtaining such rights or the rights may not be sufficient to permit the Group to take advantage of business opportunities, which could result in costly redesign efforts, discontinuance of certain product and service offerings or other competitive harm. Successful challenges to its rights to intellectual property or claims of infringement of a third party's intellectual property could require the Group to enter into royalty or licensing agreements on unfavorable terms, incur substantial monetary liability or be temporarily or permanently prohibited from further use of the intellectual property in question. This could require the Group to change its business practices and limit its ability to provide its customers with the content that they expect.

Revenue assurance (R8)

The Group could be in some situations vulnerable to revenue leakages with the dynamic changes in networks, IT systems and the multitude of its service/bundle/plan offerings given the pace at which new offers are launched in the market. The revenue chain is usually a very complex set of inter-related technologies and processes providing a seamless set of services to the end consumer. As the set of technologies and business processes grows bigger and more complex, the chance of failure increases in each of its connections. A revenue leakage will have an impact in the Group's ability to bill customers correctly for a given service or to receive the correct payment, which may adversely impact the Group's margins and profitability.

The Group monitors closely the risk related with revenue loss and continuously improves controls in its revenue assurance processes in order to prevent and/or detect cases of revenue leakages. Prior to the launch or cut-over of new products, services and new systems, appropriate revenue assurance controls are already embedded in system capabilities and manual processes.

Reliability of financial statements (R9)

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by the Group's management to be reasonable under the circumstances and at the time. These estimates and assumptions form the basis of judgments about the carrying values of assets and liabilities that are not readily available from other sources. Areas requiring more complex judgments may shift over time based on changes, business mix and industry practice, which could affect the Group's reported amounts of assets, liabilities, income and expenses. In addition, management's judgments, estimates and assumptions and the

reported amounts of assets, liabilities, income and expenses may be affected by changes in accounting policy. In May 2014, the International Accounting Standards Board (“**IASB**”) issued a new accounting standard for revenue recognition - International Financial Reporting Standards as adopted by the European Union (“**IFRS**”) 15 “Revenue from Contracts with Customers” - that will come into effect in 2018 and supersedes nearly all existing revenue recognition guidance that the Group currently complies with, including International Accounting Standards (“**IAS**”) 18 “Revenue”, 11 “Construction Contracts” and related interpretations. The Group is currently in the process of evaluating the impact of IFRS 15 on its consolidated financial statements, has selected a transition method and has evaluated which activities are most impacted by the new accounting standard. The Group is however yet to evaluate the quantitative impact of the implementation of this standard on its revenues (both past and future) and believes that when this activity is completed, the results could have a significant impact on the way its results are reported externally. In particular, the measurement and presentation of certain revenue items may be affected, which could have a material impact on its net income despite having no impact on cash flows from operations.

In January 2016, the IASB issued a new standard coming into effect in January 2019, IFRS 16 “Leases”, which is meant to supersede the current standard (IAS 17 “Leases”) and its current interpretations. The Group has not yet evaluated the impact that this standard might have on the financial statements of the Group, particularly as the new standard addresses the treatment of operating and other lease arrangements that are today recorded as off balance sheet contingent financial liabilities, which may have an impact on its leverage and overall debt reporting.

IFRS 9 “Financial Instruments” issued on July 24, 2014 is the IASB’s replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. The standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting. The standard is applicable for annual periods beginning on or after January 1, 2018. The Group anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group performs a detailed review.

In order to mitigate the risks resulting from the factors mentioned above, the Group has a mechanism in place to anticipate and analyze complex financial transactions in advance of their completion, in order to correctly evaluate the requisite accounting treatment and expected quantitative impact on the financial statements. This mechanism includes benchmarking the treatment of similar transactions by peers and advance consultation with the Group’s external auditors. Recent examples of such cases include the accounting treatment of the acquisition of exclusive sports content, the evaluation and accounting of put/call options with minority investors and the accounting for derivative transactions entered into by the Group.

The Group also forms taskforces and engages external consultants to work on the implementation of and assess the impact of new accounting standards on its financial statements, with an objective to be ready internally in advance of the adoption of such standards. This includes a peer review of positions adopted within the industry and round tables with market regulators and other authorities.

Reputation (R10)

The reputation risk refers to the risk of deterioration of reputation among customers, counterparties, investors, supervisory and control authorities, and the general public as a result of business decisions, operating events, instances of non-compliance with applicable laws, rules or regulations or other events. The objective of managing the reputation risk is to protect the Group’s reputation by counteracting the occurrence of reputation losses and limiting the negative effect of image-related events on the Group’s reputation.

An unexpected negative media report on the Group’s products, services and corporate activities can have a huge impact on the reputation of the Group and its brand image. Social networks have made it possible that such information and opinions can spread much more quickly and extensively.

The Group monitors closely potential threats and engages in a constant and constructive dialog with its relevant stakeholders to mitigate any negative impact on its brands value and reputation. Furthermore, the Group is currently assessing its brand strategy Group-wide (please see Section 1.2 “*Products, services and brands*” for more details).

Talent retention and human resources management (R11)

The Group operates in highly competitive and changing markets, which requires the Group to constantly adapt, anticipate and adopt new measures in order to preserve its competitiveness and efficiency. This leads to regular changes to its organizations, which require the employees affected to adapt. This process requires mobilization and motivation of teams with the Group's objectives. As a result, the Group's business could be affected by deterioration in labor relations with its employees, staff representative bodies or unions. The Group's ability to maintain good relations with its employees, staff representative bodies and unions is crucial to the success of its various projects. Therefore, the Group must continuously consult with staff representatives in order to ensure the success of its current and future projects, which may delay the completion of certain projects. Furthermore, the Group has entered into various collective bargaining agreements and will periodically negotiate with representatives of labor organizations. While the Group has recently entered into such agreements with various labor organizations, it cannot be excluded that the Group will have difficulties in finalizing such collective bargaining agreements in the future.

In addition, planned decisions or projects may not be well received by employees and may lead to a deterioration in labor relations, causing decreases in productivity and potential social conflicts (work interruptions, disruptions, etc.). Such situations could have a material adverse effect on the business, financial situation and operational results of the Group.

The Group depends on the continued contributions of its senior management and other key personnel. There can be no assurance that the Group will be successful in retaining their services or that it would be successful in hiring and training suitable replacements without undue costs or delays. As a result, the loss of any of these key executives and employees could cause disruptions in its business operations, which could materially adversely affect its results of operations. Any failure to apply the necessary managerial and operational resources to the Group's growing business and any weaknesses in its operational and financial systems or managerial controls and procedures may impact its ability to produce reliable financial statements and may adversely affect its business, financial condition and results of operations.

The Group maintains and develops collaborative relationships with employees, staff representative bodies and unions, in order to ensure the success of its current and future projects. In addition, the Group promotes talent retention programs in order to identify and proactively retain key employees and competencies. As such, all the HR departments are working to identify the key employees based on the same methodology and to ensure the Group is offering them an opportunity to grow adequately and to remain on board. The retention of the talents is certainly an axis on which the Group needs to continue to invest by applying new processes but also by improving internal mobility and career planning.

Mergers and acquisitions - Integration (R13)

Historically, the Group's business has grown, in part, through a significant number of selective acquisitions that enabled it to take advantage of existing networks, service offerings and management expertise. The Group is currently focused on integrating its recent acquisitions but may in the future continue to grow its business through further acquisitions of cable, telecommunications, media or content businesses that the Group believes will present opportunities to create value by generating strong cash flows and operational synergies. Any acquisition or other strategic transaction the Group may undertake in the future could result in the incurrence of debt and contingent liabilities and an increase in interest expenses and amortization expenses related to goodwill and other intangible assets or in the use by the Group of available cash on hand to finance any such acquisitions. The Group may experience difficulties in integrating acquired operations into its business, incur higher than expected costs and fail to realize all of the anticipated benefits or synergies of these acquisitions, if any. Such transactions may also disrupt its relationships with current and new employees, customers and suppliers. In addition, the Group's management may be distracted by such acquisitions and the integration of the acquired businesses. Thus, if the Group consummates any further acquisitions or fails to integrate any previous acquisitions, there could be a material adverse effect on its business, financial condition or results of operations. There can be no assurance that the Group will be successful in completing business acquisitions or integrating previously acquired companies. In addition, the Group's debt burden may increase if it borrows funds to finance any future acquisition, which could have a negative impact on its cash flows and its ability to finance its overall operations. If the Group uses available cash on hand to finance acquisitions pursuant to its acquisition strategy, its ability to make dividend payments may be limited or it may not be able to make such dividend payments at all.

Acquisitions of additional cable, telecommunications, media or content companies may require the approval of governmental authorities (either at country or, in the case of the EU, European level), which can block, impose conditions on, or delay the process which could result in a failure on the Group's part to proceed with announced transactions on a timely basis or at all, thus hampering its opportunities for growth. In the event conditions are imposed and the Group fails to meet them in a timely manner, the relevant governmental authority may impose fines and, if in connection with a merger transaction, may require restorative measures, such as mandatory disposals of assets or divestiture of operations.

As the Group's business has grown historically, in part, through selective acquisitions, the operating complexity of its business, as well as the responsibilities of management, has increased, which may place significant strain on its managerial and operational resources. The Group has been proactive in strengthening its management team but may in the future be unable to allocate sufficient managerial and operational resources to meet its needs as its business grows, and its current operational and financial systems and managerial controls and procedures may become inadequate.

Although the Group considers the operational and financial systems and the managerial controls and procedures that it currently has in place to be adequate for its purposes, it recognizes that the effectiveness of these systems, controls and procedures needs to be kept under regular review as its business grows. The Group will have to maintain close coordination among its logistical, technical, accounting, finance, marketing compliance and sales personnel. Management of growth will also require, among other things, continued development of financial and management controls and information technology systems. The constant growth and increased international operations may strain its managerial resources which may require the Group to hire additional managerial resources.

Supply chain performance (R14)

The Group has important relationships with several suppliers of hardware, software and related services that it uses to operate its pay TV, broadband Internet, fixed line telephony, mobile and B2B businesses and to broadcast its content offerings. In certain cases, the Group has made substantial investments in the equipment or software of a particular supplier, making it difficult for it to quickly change supply and maintenance relationships in the event that its initial supplier refuses to offer the Group favorable prices or ceases to produce equipment or provide the support that the Group requires. Further, in the event that hardware or software products or related services are defective, it may be difficult or impossible to enforce recourse claims against suppliers, especially if warranties included in contracts with suppliers have expired or are exceeded by those in its contracts with its subscribers, in individual cases, or if the suppliers are insolvent, in whole or in part. In addition, there can be no assurances that the Group will be able to obtain the hardware, software and services it needs for the operation of its business, in a timely manner, at competitive terms and in adequate amounts. In particular, in the case of an industry wide cyclical upturn or in the case of high demand for a particular product, the Group's suppliers of software, hardware and other services may receive customer orders beyond the capacity of their operations, which could result in late delivery to the Group, should these suppliers elect to fulfill the accounts of other customers first. The Group has, from time to time, experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors, as well as quality control problems with service providers. The Group may also not be able to recover monies paid to such suppliers or obtain contractual damages to which the Group may be entitled (if any) in the event its suppliers fail to comply with their obligations in a timely manner.

The Group also outsources some of its support services, including parts of its subscriber services, information technology support, technical services and maintenance operations. In addition, in France, the Group does not own its own broadcast network and relies on a third party to broadcast its content offerings. Should any of these arrangements be terminated by either contract party, this could result in delays or disruptions to the Group's operations and could result in the Group incurring additional costs, including if the outsourcing counterparty increases pricing or if the Group is required to locate alternative service providers or in source previously outsourced services.

The Group's ability to renew its existing contracts with suppliers of products or services, or enter into new contractual relationships, with these or other suppliers, upon the expiration of such contracts, either on commercially attractive terms, or at all, depends on a range of commercial and operational factors and events, which may be beyond its control. The occurrence of any of these risks or a significant disruption in its supply of equipment and services from key sourcing partners could create technical problems, damage its reputation, result in the loss of customer relationships and have a material adverse effect on its business, financial condition and results of operations.

In addition, the Group develops strategic partnerships with some suppliers that could breach or not comply with relevant legislation, including human rights and/or environmental laws, which could have a negative impact on the Group's reputation.

In order to mitigate these risks, the Group established a centralized procurement and contract management organization that defines policies, procedures and standards to be applied across the Group, and also monitors compliance of suppliers with terms of contracts. In addition, the Group insourced two of its main historical suppliers in the area of customer care and network deployment in order to better control its supply chain in these two fields.

Fraud (R15)

Given the size and geographic spread of the Group, the Group is likely to be exposed to instances of employee fraud, including, but not limited to, payroll fraud, falsification of expense claims, thefts of cash, assets or intellectual property, false accounting and other misconduct. Individual employees may also act against the Group's instructions and either inadvertently or deliberately violate applicable law, including competition laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients, or its internal policies. In addition, because the Group delegates a number of operational responsibilities to its subsidiaries and its local managers retain autonomy regarding the management of its operations in their markets, the Group may face an increased likelihood of the risks described above occurring. It also subcontracts some of its maintenance, customer service, installation and other activities to third party suppliers acting on its behalf and instances of fraud perpetuated by employees of these suppliers might also expose the Group to claims and/or may have a detrimental impact on its brand and reputation

The Group has internal control policies and procedures designed to mitigate fraud risks and to ensure compliance regulations such as anti-corruption laws and economic sanctions. Regular internal audits are performed in key areas to monitor the effectiveness of internal control framework.

Legal and administrative proceedings (R16)

The Group is involved in a number of legal and administrative proceedings arising in the ordinary course of its business. The legal proceedings initiated against the Group include, amongst others, the following categories of claims: claims by or on behalf of customers on various grounds such as alleged misrepresentation or breach of service or license terms or breach of telecommunication, broadcasting, consumer or health and safety regulations, intellectual property claims primarily relating to alleged copyright infringement brought by copyright collection societies, claims by suppliers and other telecommunications providers, claims by employees and claims by the regulatory bodies whose jurisdiction the Group is subject to in the countries in which it operates. Furthermore, some of the jurisdictions in which the Group operates allow for certification of certain suits as class action suits. Given its B2C activities, the Group could be confronted, like any operator in the sector, with potential class action lawsuits that could be joined by clients seeking to obtain reparations for potential damages. In such cases, and assuming there are actual or even only alleged practices and damages, the Group could face significant claim amounts and its reputation could be harmed.

The Group proactively manages its litigation risks by assessing disputes where it believes the claimant may have merit, and by attempting to settle such disputes on favorable terms, including in the case of suits seeking certification as class action suits at a stage prior to such certification, and by contesting others where it believes the claim does not have merit. The Group records a provision when there is a sufficient probability that a dispute will result in a loss for the Group and the amount of such a loss can be reasonably estimated.

Please see Note 32 to the Consolidated Financial Statements for a summary of material administrative, judicial or arbitral proceedings (including any pending or threatened proceedings) that are likely to have, or have had, a material adverse effect on the Group's business, financial position, operations or liquidity.

Reliability of network and IT systems (R17)

The Group's success depends, in part, on the continued and uninterrupted performance of its information technology and network systems as well as its customer service centers. Despite the precautions the Group has taken, unanticipated problems affecting its systems could cause failures in its information technology systems or disruption in the transmission of signals over its networks. Sustained or repeated system failures that interrupt the

Group’s ability to provide service to its customers or otherwise meet its business obligations in a timely manner would adversely affect its reputation and result in a loss of customers and revenues.

If any part of the Group’s fixed or mobile networks, including its information technology systems, is subject to terrorism, acts of war, a computer virus, a power loss, other catastrophe or unauthorized access, its operations and customer relations could be materially adversely affected. The occurrence of any such event could cause interruptions in service or reduce capacity for customers, either of which could reduce its revenue or cause the Group to incur additional expenses. In addition, the occurrence of any such event may subject the Group to penalties and other sanctions imposed by regulators.

The Group develops risk mitigation actions such as: (i) securing the telecommunications core network; (ii) preparing risk maps for the various technological platforms, identifying dependencies and single failure points; (iii) defining and implementing disaster recovery plans; (iv) implementing systems and procedures aimed at ensuring determined QoS (Quality of Service) and QoE (Quality of End user Experience) levels; (v) investing in new generation networks and preventive maintenance actions; and (vi) investing in information systems to support the activity of technical teams.

Cybersecurity (R18)

The Group’s reputation and business could be materially harmed as a result of, and the Group could be held liable, including criminally liable, for, data loss, data theft, unauthorized access, or successful hacking. If third parties manage to gain access to any of the Group’s information technology systems, or if such systems are brought down, third parties may be able to misappropriate confidential information, cause interruptions in the Group’s operations, access the Group’s services without paying, damage its computers, or otherwise damage the Group’s reputation and business. Both unsuccessful and successful “cyber-attacks” on companies have continued to increase in frequency, scope, and potential harm in recent years. While the Group continues to invest in measures to protect its networks, any such unauthorized access to the Group’s cable television service could result in a loss of revenue, and any failure to respond to security breaches could result in consequences under the Group’s agreements with content providers, all of which could have a material adverse effect on the Group’s business, results of operations and financial condition. Furthermore, as an electronic communications services provider, the Group may be held liable for the loss, release, or inappropriate modification or storage conditions of customer data or the wider public, which are carried by its network or stored on its infrastructures. In such circumstances, the Group could be held liable or be subject to litigation, penalties, including the payment of damages and interest, and adverse publicity that could adversely affect its business, financial condition and results of operations.

The Group mitigates these risks through a series of measures, including control procedures, backup systems, and protection systems, such as firewalls, antivirus and building security. In addition, the Group is continuously assessing the security policies, standards, procedures and adjusting them so they incorporate new profile threats, and their effectiveness by regular audits. In 2016, the Group has launched a cyberwatch program in order to assess potential vulnerabilities and to monitor effectiveness of the controls in place.

Content strategy (R19)

The success of the Group’s basic and premium pay TV services depends on access to an attractive selection of television programming from content providers. The ability to provide movies, sports and other popular programming, including VoD content, is a major factor that attracts subscribers to pay TV services, especially premium services. The inability to obtain high-quality content may also limit the Group’s ability to migrate customers from lower tier programming to higher tier programming, thereby inhibiting its ability to execute its business strategy, which could result in reduced demand for, and lower revenue and profitability from, the Group’s digital cable television services.

The Group relies on digital programming suppliers for a significant portion of its programming content and VoD services. In addition, program providers and broadcasters may elect to distribute their programming through other distribution platforms, such as satellite platforms, digital terrestrial broadcasting or IPTV, or may enter into exclusive arrangements with other distributors, which can have an adverse impact on the Group’s ability to differentiate itself from its competitors.

The Group monitors closely this risk by surveying the best content offerings, according to customer demands and trends, and by seeking to establish strategic partnerships with content providers, in order to be able to offer the best content to its customers.

Altice Way implementation (R20)

The Group plans to continue to grow its operating margins and cash flow by leveraging the Group's operational expertise and synergies. In order to maximize the positive impact on its subsidiaries' operational and financial performance, the Group intends to make its core strategic, operational and technical capabilities available in a more centralized manner, implementing the "Altice Way" model (for a description of the Altice Way, please see section 2.2 "*Strategy of the Company*").

Failure in delivering the Altice Way model could have a material impact on the growth strategy of the Group. To mitigate this risk, the Group relies on the expertise of its management team to monitor closely any event that can have an adverse impact on the core areas of the Altice Way model: (i) network quality, (ii) customer relationship management, (iii) content strategy, (iv) innovative technology, products and services, (v) brand and marketing, and (vi) procurement and supply chain.

Debt management (R21)

The Group has significant outstanding debt and debt service requirements and may incur additional debt in the future. As of December 31, 2016, the Group had total third party debt (excluding other long term and short term liabilities, other than finance leases) of €53,925 million.

The Group's financing structure consists of five distinct financing groups which finance the business, acquisitions and operations: the Altice International group, the SFR Group Business, the Altice Luxembourg group and its restricted subsidiaries (which include the Altice International group and the SFR Group Business and certain additional holding companies), the Suddenlink group and the Cablevision group. Each of these financing groups is subject to covenants that restrict the use of their cash flows outside their respective restricted group. Consequently, cash flows from operations of any of the restricted groups may not always be available to meet the obligations of any other restricted group. In addition, the Group carries out certain financing activities at holding companies (mainly Altice Corporate Financing) that are not a part of the five financing groups.

The Group's significant level of debt could have important consequences, including, but not limited to, the following:

- making it more difficult for the Group to satisfy its debt obligations;
- requiring that a substantial portion of the Group's cash flows from operations be dedicated to servicing debt, thereby reducing the funds available to the Group to finance its operations, capital expenditures, research and development and other business activities, including upgrading and maintaining the quality of the Group's networks;
- impeding the Group's ability to obtain additional debt or equity financing, including financing for capital expenditures and refinancing of existing debt, and increasing the cost of any such funding, particularly due to the financial and other restrictive covenants contained in the agreements governing the Group's debt;
- impeding the Group's ability to compete with other providers of pay television, broadband Internet services, fixed line telephony services, mobile services and B2B services in the regions in which the Group operates;
- restricting the Group from exploiting business opportunities or making acquisitions or investments;
- increasing the Group's vulnerability to, and reducing its flexibility to respond to, adverse general economic or industry conditions;
- limiting the Group's flexibility in planning for, or reacting to, changes in its business and the competitive and economic environment in which the Group operates; and
- adversely affecting the public perception of the Group and its brands.

Moreover, the terms of the agreements and instruments governing the Group's debt contain a number of significant covenants or other provisions that, among other things, restrict the applicable financing group's ability to incur additional indebtedness and grant guarantees, refinance existing indebtedness, pay dividends, make certain investments or acquisitions, make capital expenditures, engage in transactions with affiliates and other related parties, dispose of assets other than in the ordinary course of business, merge with other companies, grant liens and pledge assets, change its business plan, and repurchase or redeem equity interests and subordinated debt or issue shares of subsidiaries (each a "**Non-ordinary Course Transaction**"). However, with the exception of certain revolving credit indebtedness, the covenants applicable to substantially all indebtedness of the Group owed

to third parties are tested only at the time the applicable financing group consummates a Non-ordinary Course Transaction and do not otherwise impede such financing group's ability to carry on its business in the ordinary course. Borrowings under certain of the Group's debt agreements or instruments also contain cross default or cross acceleration provisions and as a result may be become payable on demand. In that event, the Group may not have sufficient funds to repay all of its debts as they become due. In addition, the Group has €10,687.7 million of floating rate debt outstanding as of December 31, 2016. An increase in the interest rates on the Group's debt will reduce the funds available to repay its debt and to finance its operations, capital expenditures and future business opportunities. For a description of the risks related to changes in foreign exchange, please see Note 19 to the Consolidated Financial Statements.

To help manage the risks relating to changes in interest rates and foreign exchange, the Group enters into various derivative transactions to manage exposure of each financing silo to such changes. As of December 31, 2016, the Group had a total of cross currency and FX forward derivative transactions in an aggregate notional principal amount of €24.8 billion and a total of interest rate derivative transactions in an aggregate notional principal amount of €12.4 billion. As a result of its derivative transactions, the Group is exposed to the risk of default by the counterparties to its derivative instruments. Although the Group regularly reviews its credit exposures under its derivative transactions, defaults may arise from events or circumstances that are difficult to detect or foresee. At December 31, 2016, the Group's exposure to counterparty credit risk included derivative assets with an aggregate fair value of €2,641.6. While the Group currently has no specific concerns about the creditworthiness of any counterparty for which it has material credit risk exposures, it cannot rule out the possibility that one or more of its counterparties could fail or otherwise be unable to meet its obligations to it. Any such instance could have an adverse effect on its cash flows, results of operations, financial condition and/or liquidity. The Group manages such counterparty credit risk by diversifying the credit exposure of its derivative transactions among several financial institutions it believes to be credit-worthy at the time of entering into such derivative transaction. In addition, the terms of its derivative contracts give rise to early termination rights if the credit-worthiness of such counterparty deteriorates significantly enough to trigger a default under such derivative contract and permit the Group to set off other liabilities against sums due to such counterparty upon such termination.

Macroeconomic and political risks (R22)

The Group's operations are subject to macroeconomic and political risks that are outside of its control. The current macroeconomic environment is highly volatile, and continuing instability in global markets, including the ongoing struggles in Europe related to sovereign debt issues, the risk of deflation and the stability of the euro, has contributed to a challenging global economic environment. High levels of sovereign debt combined with weak growth and high unemployment, could lead to fiscal reforms (including austerity measures), sovereign debt restructurings, currency instability, increased counterparty credit risk, high levels of volatility and, potentially, disruptions in the credit and equity markets, as well as other outcomes that might adversely impact the Group's business and financial operations. The Group cannot predict how long challenging conditions will exist or the extent to which the markets in which the Group operates may deteriorate.

With regard to currency instability issues, concerns exist in the Eurozone with respect to individual macro fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union and the suitability of a single currency to appropriately deal with specific fiscal management and sovereign debt issues in individual Eurozone countries. Further, on June 23, 2016, the U.K. held a referendum in which voters approved, on an advisory basis, an exit from the E.U., commonly referred to as "Brexit." Although the vote was non-binding, the referendum was passed into law on March 16, 2017 and it is expected that the British government will commence negotiations to determine the terms of the U.K.'s withdrawal from the E.U. It is possible that members of the European monetary union could hold a similar referendum regarding their membership within the eurozone in the future. The realization of these concerns could lead to the exit of one or more countries from the European monetary union and the re-introduction of individual currencies in these countries, or, in more extreme circumstances, the possible dissolution of the euro entirely, which could result in the redenomination of a portion, or in the extreme case, all of the Group's euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of the Group's assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could have a material adverse impact on the Group's liquidity and financial condition. Furthermore, any redenomination event would likely be accompanied by significant economic dislocation, particularly within the Eurozone countries, which in turn could have an adverse impact on the demand for the Group's products, and accordingly, on its revenue and cash flows. Moreover, any changes from euro to non-euro currencies in countries in which the Group operates would require the Group to modify its billing and other financial systems. No assurance can be given that any required

modifications could be made within a timeframe that would allow the Group to timely bill its customers or prepare and file required financial reports. In light of the significant exposure that the Group has to the euro through its euro-denominated borrowings, derivative instruments, cash balances and cash flows, a redenomination event could have a material adverse impact on the Group's business.

Furthermore, continued hostilities in the Middle East and North Africa could adversely affect the Israeli economy. Additionally, the Dominican Republic economy depends to a significant degree on global tourism and the health of the US economy and remains vulnerable to external shocks (*e.g.*, economic declines in other emerging market countries). These conditions could also adversely affect access to capital and increase the cost of capital. As a result of the disruptions in the credit markets, many lenders have increased interest rates, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts) or refused to refinance existing debt at all or on terms similar to pre-crisis conditions. Changes in interest rates and exchange rates may also adversely affect the fair value of the Group's assets and liabilities. Moreover, the Group's transactional currency is euros although a large part of the Group's financing activity is conducted in currencies other than such primary transactional currency, particularly the U.S. dollar. In Israel, HOT's primary transactional currency is the New Israeli Shekel and in the Dominican Republic, the primary transactional currency of Tricom and Altice Hispaniola is the Dominican Peso. The exchange rate between the U.S. dollar and the New Israeli Shekel, euro and Dominican Peso has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. Furthermore, in the past, the Dominican Republic government has imposed exchange controls and currency restrictions and they may do so in the future. This is beyond the Group's control and may result in the Dominican Peso ceasing to be freely convertible or transferable abroad to service the Group's then outstanding indebtedness or the Dominican Peso being significantly depreciated relative to other currencies, including the U.S. dollar. The exchange rate has fluctuated significantly in recent years and may continue to fluctuate significantly in the future. The Group seeks to manage such transactional foreign currency exposures through its hedging policy in accordance with its specific business needs. There can be no assurance that the Group's hedging strategies will adequately protect the Group's operating results from the effects of exchange rate fluctuation, or that these hedges will not limit any benefit that the Group might otherwise receive from favorable movements in exchange rates. If there is a negative impact on the fair values of its assets and liabilities, the Group could be required to record impairment charges.

Negative macroeconomic developments in the markets in which the Group operates, in particular increasing levels of unemployment, may have a direct negative impact on the spending patterns of retail consumers, both in terms of the products they subscribe for and usage levels. Because a substantial portion of the Group's revenue is derived from residential subscribers who may be impacted by these conditions, it may be (i) more difficult to attract new subscribers, (ii) more likely that certain of its subscribers will downgrade or disconnect their services and (iii) more difficult to maintain ARPUs at existing levels. In addition, the Group can provide no assurances that a deterioration of any of these economies will not lead to a higher number of non-paying customers or generally result in service disconnections. Similarly, a deterioration in economic conditions would be likely to adversely affect the demand for and pricing of the Group's B2B and wholesale services as a result of businesses and governments reducing spending, as well as adversely affect revenues from the Group's media and content offerings as a result of reduced spending in advertising. Therefore, a weak economy and negative economic development in the markets in which the Group operates may jeopardize its growth targets and may have a material adverse effect on its business, financial condition and results of operations.

2.7.2 Risk control

The Board is ultimately responsible for maintaining effective risk management, which includes the Group's risk governance structure, the Group's system of internal controls and the Group's internal audit approach. Management's responsibility is to manage risk across the Group on behalf of the Board. To facilitate the process, the Group shares the same roadmap across the Group, thereby ensuring the control frameworks implemented by the Group's operating companies align with the Group's approach.

In 2016, the Group has implemented the corporate internal audit function, with a dual reporting line to the Audit Committee and to the General Secretary. The internal audit function is an integral part of the Group's risk management framework, providing assurance to the Audit Committee and the Board of Directors on the effectiveness of mitigation actions and controls. The corporate internal audit function has ownership over the internal audit function Group-wide and the internal audit teams that existed in key subsidiaries, that will develop their activities under a common internal audit framework that is being implemented and lead by the corporate internal audit function.

The internal audit function conducts its activities in a risk-based manner, developing an audit plan, based on the results of the Group's risk assessment of various business units and strategic priorities that are approved by the Audit Committee and the Board of Directors. The internal audit function conducts systematic and ad hoc financial, IT and operational audits and special investigations. Regular reports will be submitted and discussed with the Audit Committee and the Board of Directors, in order to inform it of the most relevant observations and recommendations regarding the effectiveness of the risk management procedures related to the various risks to which the Group is subject.

No matter how comprehensive a risk management and control system may be, it cannot be assumed to be exhaustive, nor can it provide certainty that it will prevent negative developments from occurring in the Group's business and business environment or that response to risk will be fully effective. The Group's risk management framework is designed to avoid or mitigate rather than to eliminate the risks associated with the accomplishment of the Group's strategic objectives. It provides reasonable assurance but not absolute assurance against material misstatement or loss.

In the previous years, the Group has not identified any major failings in its internal risk management and controls system.

3 GOVERNANCE

This chapter summarizes certain information concerning the Company's board and the Company's corporate governance. It is based on relevant provisions of Dutch law, including the Code (as defined below), as in effect on the date of this Management Report, the Articles of Association and the Board Rules (both as defined below).

This chapter does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to the relevant provisions of Dutch law as in force on the date of this Management Report, the Articles of Association and the Board Rules.

3.1 Introduction

The Company is incorporated under Dutch law and adheres to the Corporate Governance Code as adopted by the Corporate Governance Monitoring Committee (the "**Committee**") on December 10, 2008. The Code contains best practice provisions that apply to the Company's corporate governance structure. The Company explains in its Management Report if it does not comply with any of the principles and best practice provisions of the Corporate Governance Code. The "comply or explain" report of the Company is in accordance with the Corporate Governance Code and is also made available on the Company's website. On December 10, 2008, the Dutch legislator designated the revised Corporate Governance Code by decree as the new corporate governance code as set out in Section 2:391 of the Dutch Civil Code (the "**DCC**"), which became effective per the financial year beginning on or after January 1, 2009 (the "**Code**").

On December 8, 2016, the Dutch legislator designated a revised version of the Code (the "**New Code**") by decree as the new corporate governance code as set out in Section 2:391 DCC. The New Code will be applicable to the Company from the financial year that started on January 1, 2017 and onwards. Hence, where in the Management Report references are made to the Corporate Governance Code, it will refer to the Code and not the New Code.

The Company maintains a one-tier board (the "**Board**") consisting of four executive board members (the "**Executive Board Members**") and three non-executive board members (the "**Non-Executive Board Members**", and together with the Executive Board Members the "**Board Members**"). As of the date of this Management Report, the provisions in the DCC that are commonly referred to as the "large company regime" (*structuurregime*) do not apply to the Company.

The Board is responsible for the management of the Company, the Company's operations and general affairs as well as the operations and general affairs of the Group. The Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited by law or by the Articles of Association (as defined below). In performing their duties, the Board Members are required to be guided by the interests of the Company and its business enterprise, taking into consideration all relevant interests of the Company's stakeholders (which includes but is not limited to its customers, its suppliers, its employees and the Shareholders).

The Board as a whole is authorized to represent the Company. In addition, the president of the Company ("**President**") and the vice-president of the Company ("**Vice-President**"), acting jointly, are also authorized to represent the Company. Pursuant to the Articles of Association, the Company may be represented by one or more Board members or others on the basis of a specific power of attorney. Such attorneys are authorized to represent the Company within the limits of the specific delegated powers.

The Board has adopted rules regarding its functioning and internal organization with effect on August 9, 2015. These rules were amended by the Board on July 25, 2016, subject to and with effect as from the moment following the extraordinary general meeting of the Company, which was held on September 6, 2016 (the "**EGM 2016**"), when proposed amendments to the articles of association of the Company, resolved upon in the EGM 2016, took effect (the "**Board Rules**"). The applicable Board Rules in the governing English language (only) can be downloaded from the Company's website under www.altice.net.

The articles of association of the Company dated September 6, 2016 (the "**Articles of Association**"), in the governing Dutch language and in an unofficial English translation thereof, are available on the Company's website under www.altice.net.

3.2 The Board

The Articles of Association of the Company provide that the Board consists of at least three and not more than ten Board Members. As of the date of this Management Report, the Board consists of four Executive Board Members and three Non-Executive Board Members.

The Executive Board Members and the Non-Executive Board Members are appointed by the General Meeting. The Executive Board Members are appointed by the General Meeting at the binding nomination of Next Alt S.à r.l. ("**Next**"). The General Meeting may at all times overrule such binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than 50% of the issued capital. If the General Meeting overrules the binding nomination, Next shall make a new binding nomination. The nomination must be included in the notice convening the General Meeting at which the appointment will be considered. The Board will request Next to make its nomination at least ten days before publication of the notice convening the General Meeting at which the appointment will be considered. If a nomination has not been made by Next or has not been made by Next within seven days following the request of the Board, this must be stated in the notice and the General Meeting will be free to appoint a Board Member at its discretion.

The General Meeting may at any time dismiss or suspend a Board Member. An Executive Board Member may also be suspended by the Board. If Next has not made a proposal for the dismissal of a Board Member, the General Meeting can only resolve upon the dismissal of that Board Member with a majority of at least two-thirds of the votes cast representing more than one-half of the issued capital.

Next's rights mentioned above may not be amended or withdrawn without Next's prior written consent. Next will only be entitled to these rights as long as it holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and is controlled by (i) Mr. Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) his heirs jointly.

Board Members may be appointed for a term to be determined by the General Meeting. A Board Member may be appointed for a maximum period of four years and may be reappointed for a term of not more than four years at a time, in accordance with the Code. A Non-Executive Board Member may be in office for a period not longer than twelve years, unless the General Meeting resolves otherwise.

See section 3.7.7 "*Appointment and replacement of Board Members / amendment to the Articles of Association*" for a more detailed description of the procedure of the binding nomination and appointment of Board Members.

3.2.1 Duties of the Board

The Company is headed by the Board acting as a collegial body. Board Members are collectively responsible for the Company's management, the Company's operations and general affairs and the operations and general affairs of the Group companies. Pursuant to the Articles of Association and the Board Rules, the Board Members divide their tasks by mutual consultation, provided that the day-to-day management of the Company is entrusted to the

Executive Board Members and the supervision of the Board Members' performance of their duties is entrusted to, and cannot be taken away from, the Non-Executive Board Members.

In addition to the responsibilities of the Board referred to above, the Board's responsibilities include, among other things:

- the achievement of the Company's operational and financial objectives;
- determining the Company's strategy and policy to achieve these objectives;
- corporate social responsibility issues that are relevant to the Company's business;
- the general state of affairs in and the results of the Company;
- identifying and managing the risks connected to the business activities;
- ensuring that effective internal risk management and control systems are in place and reporting on this in the Management Report;
- maintaining and preparing the financial reporting process;
- compliance with legislation and regulations;
- compliance with and maintaining the corporate governance structure of the Company;
- publishing the corporate structure of the Company and any other information required under the Code, through the Company's website, publication in the Management Report and otherwise;
- preparing the Annual Accounts, the semi-annual accounts and drawing up the annual budget and important capital investments of the Company; and
- rendering advice in connection with the nomination of the external auditor of the Company (the "**External Auditor**").

Notwithstanding the responsibilities of the Board, referred to above, the responsibilities of the Non-Executive Board Members include:

- selecting and recommending the appointment of the External Auditor;
- together with the Remuneration Committee (as defined below), proposing the remuneration policy for the Executive Board Members (such policy to be adopted by the General Meeting), and fixing the remuneration and the contractual terms and conditions of employment of the Executive Board Members;
- selecting and recommending the appointment of the Non-Executive Board Members and proposing the remuneration of such members;
- evaluating and assessing the functioning of the Board, its committees and their individual members, including the evaluation of the board profile ("**Board Profile**") and the induction, education and training program of the Non-Executive Board Members;
- handling and deciding on reported potential conflicts of interests between the Company on the one side and Executive Board Members, the External Auditor and the major Shareholder(s) on the other side; and
- handling and deciding on reported alleged irregularities that relate to the functioning of the Board.

3.2.2 Composition of the Board

As of the date of this Management Report, the Board is composed of seven Board Members. Mr. van Breukelen was elected Chairman in 2015.

Composition of the Board

Name	Age[(1)]	Position	Date of appointment	Current term	Independent	Role
Dexter Goei	45	President	August 6, 2015[(2)]	2015-2019	N/A	Executive
Michel Combes	54	CEO	June 28, 2016	2016-2020	N/A	Executive
Dennis Okhuijsen	46	CFO	August 6, 2015	2015-2019	N/A	Executive
A4 S.A.	N/A	Vice-President	August 6, 2015	2015-2019	N/A	Executive
Jurgen van Breukelen	47	Chairman	August 6, 2015	2015-2019	Yes	Non-Executive
Scott Matlock	51	Board Member	August 6, 2015	2015-2017	Yes	Non-Executive
Jean-Luc Allavena	53	Board Member	August 6, 2015	2015-2017	Yes	Non-Executive

(1) As of December 31, 2016.

(2) The date of appointment refers to the date Mr. Goei was appointed as an Executive Board Member. He was granted the title of President on September 6, 2016.

CV's Board Members

Dexter Goei, President

Dexter Goei joined the Group in 2009, after working for 15 years in investment banking. Mr. Goei began his investment banking career with JP Morgan and joined Morgan Stanley in 1999 working in their Media & Communications Group. Over the years, Mr. Goei has worked across all segments of the media industry in the US and EMEA region covering primarily cable, pay TV, broadcasting, Internet, content and gaming companies eventually becoming Co-Head of Morgan Stanley's European TMT Group. Mr. Goei was the Chief Executive Officer of the Company until June 28, 2016, when he stepped down to take on the position of Chairman and Chief Executive Officer of the Group's operations in the United States. Mr. Goei was appointed as President of the Company on September 6, 2016. Mr. Goei is a graduate of Georgetown University's School of Foreign Service with cum laude honors.

Michel Combes, CEO

Michel Combes re-joined the Group in August 2015 as COO after stepping down as a Non-Executive Board Member of the Group in May 2015. Previously, Mr. Combes was CEO of Alcatel-Lucent, European CEO of Vodafone and a non-executive director at Vodafone PLC, Chairman and CEO of TDF, CFO and Senior Executive Vice President of France Telecom, non-executive director and later chairman of the supervisory board of ASSYSTEM and director of ISS. Currently, Mr. Combes holds a position as member of the board of directors at Mobile TeleSystems PJSC and as non-executive director at HDL Development. Mr. Combes has more than 25 years of experience in the telecommunication industry. He is a graduate of the Ecole Polytechnique and the Paris Telecoms School.

Dennis Okhuijsen, CFO

Dennis Okhuijsen joined the Group in September 2012 as the CFO. Before joining the Group, he was a Treasurer for Liberty Global since 2005. From 1993 until 1996 he was a senior accountant at Arthur Andersen. Mr. Okhuijsen joined UPC in 1996 where he was responsible for accounting, treasury and investor relations up to 2005. His experience includes raising and maintaining non-investment grade capital across both the loan markets as well as the bond/equity capital market. In his previous capacities he was also responsible for financial risk management, treasury and operational financing. He holds a Master of Business Economics of the Erasmus University Rotterdam.

A4 S.A., Vice-President

A4 S.A. is a public limited liability company (*société anonyme*), incorporated under the laws of the Grand Duchy of Luxembourg, with its registered office at 3, boulevard Royal, L-2449 Luxembourg and registered with the Luxembourg Trade and Company register under number B 199163. A4 S.A. is controlled by the family of Patrick Drahi. The purpose of A4 S.A. is to acquire participating interests in other entities, both local and international, as well as the administration, management, control and development of such participating interests. A4 S.A. is not a Shareholder of the Company. The current permanent representative of A4 S.A. on the Board is Jérémie Bonnin.

Jérémie Bonnin, General Secretary of Altice, joined Altice in May 2005 as Corporate Finance director. Before joining Altice, he was a Manager in the Transaction Services department at KPMG which he joined in 1998. At KPMG, he led several due diligence projects with a significant focus on the telecom sector. Since his appointment at Altice, he has been involved in all of the Group's acquisitions which have increased its footprint (in France, Belgium, Luxembourg, Switzerland, Israel, the French Overseas Territories, the Dominican Republic, Portugal and the United States). He has a long track record of successful cross-border transactions, and in financial management within the telecom sector. Jérémie Bonnin received his engineering degree from the Institut d'Informatique d'Entreprises in France in 1998. He also graduated from the DECF in France (an equivalent to the CPA) in 1998.

Jurgen van Breukelen, Chairman

Jurgen van Breukelen is a Dutch national, and holds a Master Degree in Business Economics at the Erasmus University in Rotterdam. Having spent his military service as a lieutenant in the Royal Dutch Army, he joined KPMG in 1994. In 2000, at the age of 31, he became partner at KPMG, and from 2003 to 2007 he was Head of Corporate Finance in the Netherlands. In 2007 he joined the Board of Management of KPMG, being responsible for Advisory as well as for Clients & Markets. From 2012 to 2014 he acted as CEO and Country Senior Partner of KPMG in the Netherlands. During his professional career Mr. Van Breukelen has held a number of senior executive roles at KPMG International, including serving on the boards of KPMG Europe, Middle East & Africa and then, until 2014, as a member of the Global Executive Team and Global Board of KPMG International. At the Global Board he chaired KPMG's Global Quality & Risk Committee. He is a member of the supervisory board of Alzheimer Nederland and chairman of the supervisory board of Van Gansewinkel Groep. In addition, he is a Senior Adviser at the private equity fund Permira Advisers LLP, a Senior Adviser to the Investment Bank of Barclays Bank PLC, an Advisory Board Member of the Rotterdam School of Management, Erasmus University Rotterdam, an Advisory Board Member of Ponooc B.V. and a non-executive board member of Bosal Nederland B.V. Finally, until 2014 Mr. van Breukelen held a position as a supervisory board member of the Princess Maxima Centre for Pediatric Oncology in the Netherlands.

Scott Matlock

Scott Matlock is a citizen of both the United States and the United Kingdom. He is a partner at PJT Partners, the independent investment bank, where he is a mergers and acquisitions advisor to companies and individuals worldwide. Previously, Scott worked at Morgan Stanley, where he was an investment banker for 25 years. He was the Global Head of Media and Communications M&A from 2005 to 2008, the Chairman of Asia M&A (including Australia, India and Japan) from 2008 to 2010, and the Chairman of International M&A from 2010 to 2014. Mr. Matlock started his career at Morgan Stanley focused on transportation, industrial and technology companies. In 1997, he switched his focus to the media and communications sectors. When he moved to London in 2002, he became the Head of European Media Coverage and then the Co-Head of European Media Communications Coverage for the firm. Mr. Matlock was responsible for some of Morgan Stanley's most important clients and transactions in the media and communication sectors. Sectors on which he has been particularly focused have included cable, mobile/cellular, satellite and broadcast. Mr. Matlock graduated from the University of California, Berkeley in 1988.

Jean-Luc Allavena

Jean-Luc Allavena is a Monégasque national who serves as Chairman of Atlantys Investors, an investment fund (in partnership with Apollo Management). He graduated in 1986 from HEC Paris, the French leading business school. Mr. Allavena was appointed Analyst at Banque Paribas in 1986 before joining Lyonnaise des Eaux (now called Engie) in 1989 as a Financial Controller. In 1992, he became Chief Financial Officer of Techpack International (Pechiney) and was appointed Chief Executive Officer in 1996 and then Chairman of the Pechiney World Luxury Cosmetics Division in 1999. In 2000, he joined Lagardère Media as the group's Chief Operating Officer. He also became a board member of its four main divisions: Lagardère Active (radio and TV), Hachette Livre (book publishing), Hachette Filipacchi Media (magazine publishing) and Hachette Distribution Services (press distribution). A native and citizen of Monaco, Mr. Allavena served as the Chief of Staff of His Serene Highness Prince Albert II of Monaco at the beginning of His Reign (2005-2006). In 2007, he joined Apollo Management in London, one of the largest investment platforms in the world with almost $200 billion under management. He has done several important deals in various industries such as Monier (formerly Lafarge Roofing), Constellium (formerly Pechiney Aluminium), Latecoere (aerospace) and Verallia (formerly Saint Gobain Glass Packaging). He has served on the Board of Verallia since 2015. He has also been involved, for more than two decades, in various non-governmental organizations and served as the Chairman of the Alumni Association of HEC from 2001 to 2003 (subsequently as Honorary Chairman), Chairman of the HEC Foundation from 2003 to 2005 (subsequently as Honorary Chairman) and Chairman of the board of the French-American Foundation - France from 2010 to 2015 (subsequently as Honorary Chairman). He has been awarded Chevalier of the French Légion d'Honneur. In addition, Mr. Allavena holds or has held the following positions as member of a management board: board member of Constellium N.V. (2011-2013), board member of Latécoère S.A. (2015-2016), board member of Mecaplast Group S.A. (2013-2016), board member of Monaco Resources Group (2014-2016), board member of Cosfibel S.A. (since 2007) and board member of Banque Pâris Bertrand Sturdza SA (since 2016).

Independent Board Members

In considering the independence of a Non-Executive Board Member, the Board takes the following criteria, which are all based on the Code, into account. A Board Member shall not be considered independent if the Board Member concerned or his spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree, as defined under Dutch law:

- has been an employee or an Executive Board Member of the Company (including associated companies as referred to in article 5:48 of the Financial Markets Supervision Act ("**Wft**")) in the five years prior to the appointment;
- receives significant personal financial compensation from the Company, or a company associated with it, other than the compensation received for the work performed as a Board Member or other compensation received in the normal course of business;
- has had an important business relationship with the Company, or a company associated with it, in the year prior to the appointment. This includes the case where the Board Member, or the firm of which he is a shareholder, partner, associate, or adviser, has acted as an adviser to the Company (consultant, external auditor, civil law notary and lawyer), and the case where the Board Member is a management board member or an employee of any bank with which the Company has a lasting and significant relationship;
- is a member of the management board of a company in which a Board Member is a supervisory board member or a non-executive board member;
- holds at least ten percent of the Shares in the Company (including the Shares held by natural persons or legal entities which cooperate with him under an express or tacit, oral or written agreement);
- is a board member - or is a representative in some way - of a legal entity which holds at least ten percent of the Shares in the Company, unless that entity is a member of the same group as the Company;
- has temporarily managed the Company during the previous 12 months where Executive Board Members have been absent or unable to discharge their duties.

An independent Board Member who no longer meets the criteria for independency must immediately inform the Board accordingly.

3.2.3 Board Meetings and Board resolutions

The Chairman chairs the meetings of the Board. If the Chairman is absent or unwilling to take the chair, the meeting shall appoint one of the Non-Executive Board Members or, in the event all Non-Executive Board Members in office are absent, one of the Executive Board Members shall chair the meeting of the Board.

Unless the law, the Board Rules or the Articles of Association provide otherwise, resolutions of the Board shall be adopted by an absolute majority of the votes cast, including a vote in favor of the proposal from the Vice-President. The vote in favor from the Vice-President shall not be required when the Vice-President cannot participate in the deliberations and decision-making in respect of a proposal due to a direct or indirect personal conflict of interest.

Each Board member, other than the President, and if no President is in function, other than the Vice-President, shall be entitled to one vote. The President is entitled to cast a number of votes that equals the number of Board Members entitled to vote, excluding the President, that is present or represented at that meeting, with the exception of resolutions concerning the suspension or dismissal of the Vice-President, in respect of which the President is entitled to one vote. If no President is in function or if the President has a direct or indirect personal conflict of interest, the Vice-President shall be entitled to cast a number of votes that equals the number of Board Members entitled to vote, excluding the Vice-President, that is present or represented at that meeting of the Board.

3.2.4 Board Committees

The Board has an audit committee (the "**Audit Committee**") and a remuneration committee (the "**Remuneration Committee**"). Each of the committees has a preparatory and/or advisory role to the Board. In accordance with the Board Rules, the Board has drawn up regulations on each committee's role, responsibilities and functioning. The committees consist of Non-Executive Board Members. They report their findings and recommendations to the Board, which is ultimately responsible for all decision-making.

Audit Committee

The Audit Committee advises the Board in relation to the financial reporting process and its other responsibilities and prepares resolutions of the Board in relation thereto. The responsibilities of the Audit Committee focus on supervising the activities of the Board with respect to:

- supervising and monitoring the effect of internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations, and supervising the effect of codes of conduct;
- supervising the recording, management and submission of financial information by the Company (including choice of accounting policies, application and assessment of the effects of new rules, information regarding the handling of estimated items in the financial statements, forecasts, work of the internal auditor and the External Auditor);
- supervising the compliance with recommendations and observations of the internal auditor and the External Auditor;
- supervising the functioning of the internal audit department and controllers, and in particular, codetermining the plan of action for the internal audit department and taking note of the findings and considerations of the internal audit department;
- supervising the policy of the Company on tax planning;
- supervising the financing of the Company;
- supervising the applications for information and communication technology;
- supervising the relationship with the External Auditor, including, in particular, assessing its independence, remuneration and any non-audit related work for the Company;
- determining the involvement of the External Auditor in respect of the contents and publication of financial reporting by the Company (other than the Annual Accounts), and acknowledging irregularities in respect of the content of the financial reporting as may be reported by the External Auditor;
- recommending the appointment of an External Auditor by the General Meeting; and
- approving the Annual Accounts, the annual budget and major capital expenditures of the Company.

The Audit Committee furthermore maintains regular contact with and supervises the External Auditor. At least every four years, the Executive Board Members, together with the Audit Committee, must thoroughly assess the functioning of the External Auditor in the various entities and capacities in which the External Auditor operates.

The Audit Committee must hold at least four meetings per year and whenever one or more of its members have requested a meeting. At the date of this Management Report, the Audit Committee consists of three Non-Executive Board Members: Mr. Jean-Luc Allavena, Mr. Jurgen van Breukelen and Mr. Scott Matlock. Mr. Jurgen van Breukelen is the chairman of the Audit Committee.

The rules for the Audit Committee are an annex to the Board Rules. They are also separately published on and can be downloaded from the Company's website under www.altice.net.

Remuneration Committee

The Remuneration Committee has the following duties:

- making proposals to the Board for the remuneration policy to be implemented;
- making proposals for the remuneration of the individual Executive Board Members, for adoption in the General Meeting, which proposals must, in any event, deal with:
  - the remuneration structure; and
  - the amount of fixed remuneration, the shares and/or options to be granted and/or other variable remuneration components, pension rights, redundancy pay and other forms of compensation to be awarded, as well as the performance criteria and their application; and
- preparing the remuneration report.

In exercising its duties, the Remuneration Committee may request the services of a remuneration consultant. If the Remuneration Committee makes use of the services of a remuneration consultant, it must verify that the consultant concerned does not provide advice to the Executive Board Members.

The Remuneration Committee must hold at least one meeting per year and whenever one or more of its members have requested a meeting. At the date of this Management Report, the Remuneration Committee consists of three Non-Executive Board Members: Mr. Jean-Luc Allavena, Mr. Jurgen van Breukelen and Mr. Scott Matlock. Mr. Scott Matlock is the chairman of the Remuneration Committee.

The rules for the Remuneration Committee are an Annex to the Board Rules. They are also published on and can be downloaded from the Company's website under www.altice.net.

3.2.5 Nomination committee

The Board has decided not to set up a nomination committee as referred to in the Code, since the Board as a whole will perform the duties of such nomination committee. Furthermore, the Board deems it not necessary to set up a nomination committee because of the nomination right attributed to Next in the Articles of Association.

3.2.6 Board meetings held in 2016

The Board met ten times in 2016, and focused among other things, on the following matters:

- the approval of the annual budget for the financial year 2016;
- the approval of the corporate financial statements and the consolidated financial statements of the Company as at and for the year ended December 31, 2015;
- the approval of the 2015 Management Report and the 2015 comply or explain list;
- the approval of the quarterly earnings releases and condensed interim financial statements of the Company;
- the design of the new governance of the Company, including:
  - the proposal to the General Meeting to amend the Articles of Association to reflect the new balance of powers within the Board;
  - the amendment of the Board Rules;
  - the resignation of Mr. Dexter Goei as CEO and the revocation of the powers of attorney granted to him in his capacity of CEO;
  - the grant of the CEO-title and powers of attorney to Mr. Michel Combes;
  - the grant of the President title to Mr. Dexter Goei;
- the approval of the new insider dealing policy;
- the amendment of the dividend policy;
- the approval of the public exchange offer to be initiated by the Company to acquire all issued and outstanding shares which are not yet directly or indirectly held by the Company, in its French listed subsidiary SFR Group, the issue of Common Shares A in connection with the public offer and the application for listing of such shares;
- the approval of the acquisition of Parilis S.A. and Intelcia Group S.A.;
- some amendments to the SOP and the LTIP;
- the grant and ratification of grant of stock options to certain eligible employees under the SOP and the LTIP;
- the approval of related party transactions;
- the approval of the disposal of the Group's Belgian and Luxembourg telecommunication businesses; and
- the approval of the annual budget for the financial year 2017.

3.2.7 Board evaluation

The Board regularly discusses its functioning and performance, including the functioning of the Non-Executive Board Members, the committees as well as individual Non-Executive Board Members. The Non-Executive Board Members have performed a self-evaluation on the functioning of their own performance, the performance of the entire Board, as well as the performance of the External Auditor. Overall, the Non-Executive Board Members are of the opinion that during 2016 significant steps have been taken not only in executing the strategy of the Company, but also in improving the governance and functioning of the Non-Executive Board Members as well

as the Board as a whole. The Non-Executive Board Members are committed to continue to make further improvements in that respect in the financial year 2017.

3.3 The Group Advisory Council

The Company has a group advisory council (the "**Group Advisory Council**") which advises the Company, the Board, its individual Board Members and the Group Companies on all matters that are material to the Company and the Group as a whole, including the operational, technological and general strategy of the Group. The Group Advisory Council is entitled to review any financial commitment of the Company or its subsidiaries above €10 million or not provided for in the annual budget of the Company (as approved by the Board). The President of the Group Advisory Council is Mr. Drahi.

The President or the Vice-President shall for all Board meetings invite one member of the Group Advisory Council, which member may be designated by the Group Advisory Council for the purpose of attending such meetings.

3.4 Maximum number of supervisory positions of Board Members

Restrictions apply with respect to the overall number of supervisory positions that a managing director or supervisory director (including a one-tier board) of "large Dutch companies" may hold. The restrictions only apply with regard to executive and supervisory positions in Dutch public limited liability companies, Dutch private limited liability companies and Dutch foundations that, on two successive balance sheet dates without subsequent interruption, meet at least two of the three criteria referred to in Section 2:397(1) DCC, which criteria are: (i) the value of the company's/foundation's assets according to its balance sheet together with explanatory notes, on the basis of the purchase price or manufacturing costs exceeds €20 million, (ii) its net turnover in the applicable year exceeds €40 million and (iii) its average number of employees in the applicable year is 250 or more (such company or foundation, a "**Large Company**").

Pursuant to the DCC, a person cannot be appointed as a member of the management board if (a) he or she holds more than two supervisory positions with other Large Companies, or (b) if he or she acts as chairman of the supervisory board or, in the case of a one-tier board, serves as chairman of the board of a Large Company. The term "supervisory position" refers to the position of supervisory board member, non-executive board member in the case of a one-tier board, or member of a supervisory body established by the articles of association. A person may not be appointed as member of the supervisory board if he or she holds more than four supervisory positions with Large Companies. Acting as a chairman of a supervisory board or a supervisory body established by the articles of association or, in the case of a one-tier board, chairman of the management board, of a Large Company counts twice.

As of December 31, 2016, the Company meets the criteria of a Large Company for two successive balance sheet dates. The restrictions therefore apply to the Company as of that date.

3.5 Deviation from the Dutch gender diversity requirement

Until January 1, 2016, Dutch law required Large Companies to pursue a policy of having at least 30% of the seats on both the management board and supervisory board held by men and at least 30% of the seats on the management board and supervisory board held by women, each to the extent these seats are held by natural persons. Under Dutch law, this was referred to as a well-balanced allocation of seats. This allocation of seats needed to be taken into account in connection with: (i) the appointment, or nomination for the appointment, of members of the management board; (ii) drafting the criteria for the size and composition of the management board and supervisory board, as well as the designation, appointment, recommendation and nomination for appointment of supervisory board members; and (iii) drafting the criteria for the non-executive directors, as well as nomination, appointment and recommendation of non-executive directors.

If a Large Company did not comply with the gender diversity rules, it was required to explain in its management report (i) why the seats were not allocated in a well-balanced manner, (ii) how it had attempted to achieve a well-balanced allocation and (iii) how it aimed to achieve a well-balanced allocation in the future.

This rule was a temporary measure and automatically ceased to have effect on January 1, 2016. However, on March 23, 2016, the responsible Dutch Minister has submitted a legislative proposal to Dutch Parliament in which it is proposed to reinstate this rule and extend its application until January 1, 2020.

The nature and the activities of the Company and the desired expertise and background of the Board Members are decisive when Board Members are appointed or reappointed. The present composition of the Board deviates from the Dutch Management and Supervision Act (*Wet bestuur en toezicht*) regarding gender diversity. Although the Company pays close attention to gender diversity in the profiles of new Board Members, the Company does not have an explicit target of gender diversity and has not yet formulated concrete targets in this respect. However, subject to the availability of suitable candidates at the time of Board appointments, the Company aims to reach a well-balanced mix of men and women among its Board Members.

3.6 Comply or explain

3.6.1 Introduction

The Code applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere. The Code therefore applies to the Company. The Code contains a number of principles and best practice provisions in respect of management boards, supervisory boards, shareholders and the general meeting of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

The Company is required to disclose in its Management Report whether or not it applies the provisions of the Code and, if it does not apply those provisions, to explain the reasons why. The Code states that a company is also in compliance with the Code if its general meeting of shareholders has approved the corporate governance structure and the deviations from the Code's principles.

In accordance with the "comply or explain" principle, the Company has outlined below departures from the Code. The entire "comply or explain" list is also published on the Company's website.

The principles are based on a company with a two-tier board structure, whereby a supervisory board supervises the management board. The one-tier board structure, with non-executive directors who supervise the executive directors, is only explicitly mentioned in the best practice principle III.8. In 2012 the Committee provided guidelines on how to interpret the other best practice principles in a company with a one-tier board structure. The Committee advised that in principle all provisions for the supervisory board *mutadis mutandis* apply to non-executive directors and that all provisions for the management board *mutadis mutandis* apply to executive directors and in some instances also apply to the non-executive directors. The text of the (best practice) provisions below should be read bearing this in mind.

3.6.2 Compliance with the Code

The Company endorses the underlying principles of the Code, and is committed to adhering to the best practices of the Code as much as possible. The Company fully complies with the Code, with the exception of the following provisions:

Best practice provision II.1.2: Since the Company has a one-tier Board, the Non-Executive Board Members are already involved in these subjects. The Company does not require a specific approval of the Non-Executive Board Members.

Best practice provision II.1.7: The Company complies with this provision, provided that the official to whom employees can report irregularities of a general, operational and financial nature within the Company is designated by the Board and not by the Chairman.

Best practice provision II.1.8: The Company complies with this provision, provided that the acceptance by an Executive Board Member of membership of the supervisory board of a listed company requires the approval of the entire one-tier Board. Also, Executive Board Members must notify the Board about other important positions.

Best practice provision II.2.1, II.2.2 and II.2.3: Regarding the provisions II.2.1, II.2.2 and II.2.3, the General Meeting determines the remuneration of the Board Members upon a proposal of the Board, which it makes upon

a proposal of the Remuneration Committee. When making such proposal, the Remuneration Committee takes into account the elements mentioned in these provisions.

Best practice provision II.2.4: Vesting of the options granted to Board Members is time-based. Stock options granted under the SOP are exercisable in various tranches, the first of which is two years after the grant of the options. Stock options granted under the LTIP vest after three years.

Best practice provision II.2.5: The Company does not comply with this provision, as (i) the vesting of the free Preference Shares B allocated to Mr. Combes is time-based and does not depend on the achievement of specified targets and (ii) upon vesting, these Preference Shares B will be converted into Common Shares A which are not subject to any transfer restriction.

Best practice provision II.2.6: The Company does not comply with this provision since the exercise price of granted options under the SOP (a) 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 options, as the case may be, or (b) was set by the Board at a level below such volume weighted average price to take into account the volatility of the trade price of the Common Shares A. Equally, the exercise price of granted options 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 options, or (ii) an alternative date determined by the Board.

Best practice provision II.2.7: The SOP and the LTIP allow the Board, upon recommendation of the Remuneration Committee, to (i) adjust the exercise price of the stock options (at the time of or after the grant of the stock options) in a more favourable way for the participants, unless such an adjustment would have the effect of creating a material detriment to the shareholders of the Company and (ii) adjust the start date of the vesting period of any participant, provided that the Board concurrently grants a benefit to such participant. As a result, in 2016 the Board decided to adjust the exercise price of some stock options granted under the SOP to take into account the volatility of the trade price of the Common Shares A and concurrently adjusted the start of the vesting period of the relevant participants.

Best practice provision II.2.8: The Company did not comply with this provision in 2016, as the employment agreement of Mr. Combes with one of the Company's subsidiaries provides the following benefits upon termination: if Mr. Combes leaves the Group other than by reason of (i) voluntary resignation, (ii) dismissal for gross negligence, or (iii) dismissal for wilful misconduct, he shall be paid (x) a severance fee equal to two times the sum of his base annual salary and target bonus or, (y) if this occurs after one year of employment, a severance fee equal to six months of his base annual salary. Since Mr. Combes joined the Group more than one year ago, he can no longer receive the severance payment referred to under (x) above and, therefore, the non-compliance with this provision has ended.

Principle (determination and disclosure of remuneration): The Company complies with this principle, provided that the General Meeting determines the remuneration of the Executive Board Members, upon a proposal of the Board, which it makes upon a proposal of the Remuneration Committee.

Best practice provision II.2.10: The Company complies with this provision, with the exception that the Company does not apply this provision to any variable remuneration, shares and options which were paid or granted to Executive Board Members (in any capacity within the Group) prior to the Merger, or to Shares or options which were allotted by the Company in exchange for shares or options of Altice S.A. pursuant to the Merger.

Best practice provision II.2.11: The Company complies with this provision, with the exception that the Company does not apply this provision to any variable remuneration, shares and options which were paid or granted to Executive Board Members (in any capacity within the Group) prior to the Merger, or to Shares or options which were allotted by the Company in exchange for shares or options of Altice S.A. pursuant to the Merger.

Principle (conflicts of interest): The Company complies with this provision, with the exception of the deviation mentioned under provision II.3.4.

Best practice provision II.3.2: The Company complies with this provision, provided that the Chairman will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest.

Best practice provision II.3.4: The Company does not entirely comply with this provision, as a decision to enter into a transaction that involves a conflicted Board Member is adopted by the Board without the required approval of the Non-Executive Board Members.

Best practice provision III.2.2: With a view to greater flexibility, the Company applies a slightly different criterion for independence under subsection (b) of this best practice provision. A Board Member shall not be considered independent if the Board Member concerned receives significant personal financial compensation from the Company, or a company associated with it, other than the compensation received for the work performed as a Board Member or other compensation received in the normal course of business.

Best practice provision III.3.3: The Company complies with this provision, provided that the Non-Executive Board Members 'may' be given the opportunity to follow an introduction program.

Best practice provision III.4.1: The Company for the most part complies with this provision, except that no formal vice-chairman has been appointed. If the Chairman is not available to attend a Board meeting, the Board Rules provide that the Board meeting will be chaired by a Non-Executive Board Member or, in the event all Non-Executive Board Members in office are absent or unwilling to take the chair, an Executive Board Member designated for such purpose by the meeting.

Best practice provision III.4.3: The Company does not entirely comply with this provision, as the company secretary is appointed by the Board without the required approval of the Non-Executive Board Members.

Best practice provision III.4.4: The Company does not entirely comply with this provision, as no formal vice-chairman has been appointed. The Board Rules provide that, if no vice-chairman is appointed, any other Non-Executive Board Member (other than the Chairman) shall act as contact for individual Board Members concerning the functioning of the Chairman.

Best practice provision III.5.6: As Mr. van Breukelen chairs both the Audit Committee and the Board, the Company does not comply with this provision. Since Mr. van Breukelen is considered not only a financial expert within the meaning of the best practice provision III.3.2 of the Code, but is also experienced in Dutch corporate governance matters, the Board regards this combination of roles of significant added value to the Company.

Best practice provision III.5.10: The Company complies with this provision, provided that the proposal for the remuneration policy shall be made to the entire Board. Furthermore, the remuneration of the Executive Board Members shall be determined by the General Meeting upon the proposal of the Board, which it makes upon a proposal of the Remuneration Committee.

Best practice provision III.6.1: The Company complies with this provision, provided that the Chairman will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest (except in a situation where the Chairman has a potential conflict of interest, in which case the vice-chairman or, if no vice-chairman is appointed, another Non-Executive Board Member, will determine whether the reported (potential) conflict of interest of the Chairman qualifies as a conflict of interest).

Best practice provision III.6.3: The Company does not entirely comply with this provision, as a decision to enter into a transaction that involves a conflicted Board Member is adopted by the Board without the required approval of the Non-Executive Board Members.

Best practice provision III.6.4: The Company does not entirely comply with this provision, as the decision to enter into transactions in which there are conflicts of interest with legal or natural persons who hold at least 10% of the Shares in the Company and that are of material significance to the Company is adopted by the Board, without the required approval of the Non-Executive Board Members.

Best practice provision III.6.7: In case an Executive Board Member is absent, another Executive Board Member (to be designated by the Executive Board Members) will carry out his duties and powers. In the case of a long-term absence, the Non-Executive Board Members shall be notified of that designation.

Best practice provision III.8.3: Chapter III.5 of the Code requires that three committees shall be installed if the Board has more than four Non-Executive Board Members. Given the number of Non-Executive Board Members, the Board is not required to set up a nomination committee. The Board has decided not to set up a nomination committee as referred to in the Code, since the Board as a whole will perform the duties of such nomination

committee. In addition, the Board deems it not necessary to set up a nomination committee because of the nomination right attributed to the Nominating Shareholder in the Articles of Association. The Board did set up an Audit Committee and a Remuneration Committee.

Best practice provision III.8.4: The Company currently does not comply with this provision, as the Board consists of three Non-Executive Board Members and four Executive Board Members.

Best practice provision IV.1.1: The Company does not entirely comply with this provision. The General Meeting may overrule the binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the issued capital.

Principle (Role, appointment, remuneration and assessment of the functioning of the external auditor): The Company complies with this principle, provided that the remuneration of the External Auditor and instructions to the External Auditor to provide non-audit related services shall be approved by the Board.

Best practice provision V.2.3: The Company complies with this provision, provided that the assessment will be conducted by the Audit Committee and the Executive Board Members.

3.7 Capital, Shares and voting rights

3.7.1 Share capital

As of December 31, 2016, the Company's authorized capital is €345,962,639.50, divided into the following Shares:

- 8,299,152,975 Common Shares A, each with a nominal value of €0.01;
- 293,884,439 Common Shares B, each with a nominal value of €0.25;
- 4,700,000,000 Preference Shares A, each with a nominal value of €0.04; and
- 150,000,000 Preference Shares B, each with a nominal value of €0.01.

Common Shares A and Common Shares B

One Common Share A has one vote and one Common Share B has 25 votes. Common Shares A and Common Shares B must be paid up in full upon issuance and are equally entitled to dividends.

Preference Shares A

Each Preference A Share has four votes on all matters on which all voting shares have voting rights and, other than matters that require a class vote, from a single class with other voting shares in the capital of the Company for such purposes.

Pursuant to the Articles of Association, Preference Shares A may be issued against payment in cash of at least one quarter of their nominal value.

Preference Shares B

Each Preference Share B has one vote on all matters on which all voting shares have voting rights and, other than with respect to matters that require a class vote, from a single class with the other voting shares in the capital of the Company for such purposes.

Preference Shares B must be paid up in full upon issuance. Pursuant to the Articles of Association, the Board may at all times convert one or more Preference Shares B into one or more Common Shares A in accordance with the conversion ratio and other conditions as determined by the Board.

Issued capital

As of the date of this Management Report the Company's issued capital consists of €76,482,509.50.

Issued share capital of the Company as at December 31, 2016

Shares	**Nominal Value**	**Number**	**Percentage of issued share capital**
Common Shares A	€0.01	972,363,050 (of which 107,324,976 are held by the Company)	12.7%
Common Shares B	€0.25	267,035,516	87.3%
Preference Shares A	€0.04	0	0%
Preference Shares B	€0.01	0	0%
Total	€76,482,509.50	1,239,398,566	100%

No Preference Shares A or Preference Shares B have been issued.

The issued Shares are listed on Euronext Amsterdam. All issued Shares are fully paid-up and are subject to, and have been created under, the laws of the Netherlands.

Conversion

A holder of Common Shares B may at all times provide the Board with a written notice in the form as determined by the Board ("**Conversion Notice**") requesting to convert one or more of its Common Shares B into Common Shares A in the ratio of 25 Common Shares A for one Common Share B. The Conversion Notice must at least include an irrevocable and unconditional power of attorney to the Company, with full power of substitution, to transfer 24 of the converted Common Shares A unencumbered and without any attachments for no consideration (*om niet*) to the Company, which transfer shall be effected by the Company simultaneously with the conversion of the (relevant) Common Share(s) B into Common Shares A referred to in the Conversion Notice.

A form of Conversion Notice is available on the Company's website (www.altice.net) and can be downloaded and submitted to the Company in accordance with the instructions set forth in the Conversion Notice.

The Articles of Association provide that as per the moment of conversion of Common Shares B and/or Preference Shares B into Common Shares A, the authorized capital of the Company shall decrease with the number of Common Shares B and/or Preference Shares B included in such conversion, as applicable, and the authorized capital of the Company shall increase with the number of Common Shares A resulting from such conversion.

In addition, the Articles of Association provide for a transitory provision with respect to the authorized capital, pursuant to which the authorized capital will automatically be increased to €400,000,000 if and as soon as a resolution adopted by the General Meeting or the Board has been filed with the Trade Register of the Chamber of Commerce, pertaining to an issuance of such number of Shares pursuant to which the issued share capital of the Company will be at least €80,000,000. At the time of this Management Report, no such resolution has been filed with the Trade Register of the Chamber of Commerce. Therefore, this transitory provision did not yet take effect.

3.7.2 Restrictions on the transfer of Shares

Shares are freely transferable, unless agreements between the Shareholders provide otherwise. For a description of such agreements, please refer to section 3.7.6 "*Agreements between shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights*".

3.7.3 Significant direct and indirect Shareholders

Pursuant to the register kept by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*), through December 31, 2016, the below table specifies the persons having notified a substantial holding in the share capital of the Company (the relevant thresholds being 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%):

Shareholders	Capital	Voting rights	Date of notification (most recent notification only)
FMR LLC	3.15%	2.99%	October 27, 2016
M. Combes	0.04%	63.61%[(1)]	July 6, 2016
EuroPacific Growth Fund	5.17%	0.00%	February 9, 2016
P. Drahi (through Next)	58.01%	62.56%	January 28, 2016
D. Goei	1.66%	62.56%[(1)]	January 28, 2016
D.L. Okhuijsen	0.85%	62.56%[(1)]	January 28, 2016
J. Bonnin	0.72%	62.56%[(1)]	January 28, 2016
J.M. Hegesippe	0.71%	62.56%[(1)]	January 28, 2016
P. Giami	0.38%	62.56%[(1)]	January 28, 2016
J.L. Berrebi	0.34%	62.56%[(1)]	January 28, 2016
N. Rotkoff	0.07%	62.56%[(1)]	January 28, 2016
Carmignac Gestion S.A.	3.38%	3.38%	September 9, 2015
Capital Research and Management Company	0%	7.05%	August 10, 2015

(1) Next has entered into shareholders' agreements with these shareholders in which a voting agreement is included, pursuant to which such shareholders have to vote in favour of all items in the General Meeting proposed by Next for a period of thirty years. For a description of such agreements, please refer to section 3.7.6 "*Agreements between shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights*".

3.7.4 Voting rights and restrictions on voting rights

Voting rights

Each issued and outstanding Common Share A confers the right to cast one vote, each issued and outstanding Common Share B confers the right to cast 25 votes, each Preference Share B (if it were to be issued and outstanding) confers the right to cast one vote and each Preference Share A (if it were to be issued and outstanding) confers the right to cast four votes in the General Meeting and in meetings of holders of a separate class of shares.

Each Shareholder who meets the requirements below may attend the General Meeting, address the General Meeting and, to the extent applicable, exercise voting rights pro rata to its shareholding, either in person or by proxy. Shareholders may exercise these rights if:

- they are the holders of issued shares on the record date as required by Dutch law, which is currently the 28th day before the day of the General Meeting;
- they or their proxy have notified the Company of their intention to attend the General Meeting in writing by the date specified in the notice of the General Meeting; and
- they are as such registered in (a) the records that are kept by the banks and agents that are defined as intermediaries pursuant to the Securities Giro Transfer Act (*Wet Giraal effectenverkeer*) or (b) the Company's shareholders' register.

The convocation notice shall state the record date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights. The Board may determine that the voting rights may be exercised by means of electronic communication.

To the extent the law or the Articles of Association do not require a qualified majority, all resolutions of the General Meeting shall be adopted by an absolute majority of the votes cast, in a meeting in which a quorum of at least 50% of the issued and outstanding capital is present or represented.

Restrictions on voting rights

Pursuant to Dutch law, no voting rights may be exercised for any issued Shares held by the Company or a subsidiary (as defined in the Articles of Association) nor for any issued Shares for which the Company or a subsidiary holds the depositary receipts. However, pledgees and usufructuaries of issued Shares held by the Company or a subsidiary are not excluded from exercising the voting rights, if the right of pledge or the usufruct was created before the issued Share was owned by the Company or such subsidiary. The Company or a subsidiary may not exercise voting rights for an issued Share in respect of which it holds a right of pledge or usufruct. When determining how many votes are cast by Shareholders, how many Shareholders are present or represented, or which part of the Company's issued capital is represented, no account is taken of issued Shares for which, pursuant to the law or the Articles of Association, no vote can be cast.

3.7.5 System of control of employee share scheme

The Company has not implemented any employee share scheme granting rights to employees to acquire shares in the Company or a subsidiary where the control rights are not exercised directly by the employees.

3.7.6 Agreements between shareholders known to the Company and which may result in restrictions on the transfer of securities and/or voting rights

Next has entered into shareholders' agreements with Dexter Goei (through Inluam S.à r.l. and More ATC S.à r.l.), Dennis Okhuijsen, Jérémie Bonnin (through Hamaja S.à r.l.), Michel Combes, Patrice Giami, Jean-Michel Hegesippe (through OTR S.à r.l., OTR 2 S.à r.l. and JMH Gestion & Participations Limited), Jean-Luc Berrebi (through Lynor's S.à r.l.) and Nicolas Rotkoff (through Valemi Corp S.A.) (collectively, the "**ANV Shareholders**") in which procedures for transfers of Shares by the relevant ANV Shareholder and a voting agreement have been laid down.

Subject to certain exceptions, the shareholders' agreements limit the rights of ANV Shareholders to enter into collar arrangements over Shares or grant options, rights or warrants to purchase Shares. In addition, Next has a pre-emption right in the event any ANV Shareholder intends to transfer Shares to third parties. Prior to effecting any such transfer, the ANV Shareholder must notify Next about the contemplated transfer. Following such notification, Next may exercise its pre-emption right and acquire all, or some, of the Shares. In the event Next does not exercise its pre-emption right timely and in accordance with the terms of the relevant shareholders' agreements, Next will be deemed to have waived its pre-emption right with respect to the specific Shares and the relevant ANV Shareholder may freely transfer such Shares.

The shareholders' agreement between Mr. Combes and Next contain lock-up arrangements, pursuant to which Mr. Combes undertook not to offer, sell or otherwise dispose of any Shares until the second anniversary of the date of the shareholders' agreement (i.e. July 6, 2016). On or after the second anniversary of the shareholders' agreement, Mr. Combes may sell or otherwise dispose of up to 50% of his Shares, on or after the third anniversary of the shareholders' agreement, Mr. Combes may sell or otherwise dispose of a further 25% of his Shares and after the fourth anniversary of the shareholders' agreement, Mr. Combes may sell or otherwise dispose of the remaining 25% of his Shares, each time subject to the procedures for the transfer of Shares set out above.

Pursuant to the voting arrangements laid down in the shareholders' agreements, in order to ensure the smooth continuation of the Company's business, the ANV Shareholders undertook to cast their votes in good faith during all General Meetings and to vote in favor of all items proposed by Next in the General Meeting for a period of 30 years. Each ANV Shareholder must also give a proxy to Next to represent it and to vote on its behalf in the General Meeting.

Certain other managers of the Group are also bound by similar shareholders' agreements with Next, except that the relevant voting arrangement will only come into effect in case Next no longer holds at least 50% of the voting rights in the Company.

On November 23, 2015, Next entered into a funded collar transaction for over 81.2 million Common Shares A with Goldman Sachs International and, to facilitate the collar transaction, lent the Shares underlying the collar to Goldman Sachs International, who in turn sold approximately 61 million Common Shares A to institutional investors to establish its initial hedge for the collar. Next entered into a 150-day lock-up in connection with this transaction.

3.7.7 Appointment and replacement of Board Members / amendment to the Articles of Association

Appointment and replacement of Board Members

The Executive Board Members and Non-Executive Board Members are appointed by the General Meeting. Only natural persons can be appointed Non-Executive Board Members. The Executive Board Members are appointed by the General Meeting at the binding nomination of Next, provided that Next (a) holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and (b) is Controlled by the Controller (both defined below), or (ii) when Next does not hold a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and/or is no longer Controlled by the Controller, any other legal entity which (x) holds a direct interest of at least 30% of the aggregate nominal value

of the issued and outstanding Common Shares and (y) is Controlled by the Controller (the "**Nominating Shareholder**"). In this context, "**Controlled**" means, with respect to a legal entity, (i) the ownership of legal and/or beneficial title to voting securities that represent more than 50% of the votes in the general meeting of such legal entity; and/or (ii) being empowered to appoint, suspend or dismiss or cause the appointment, suspension or dismissal of at least a majority of the board members, supervisory board or any similar governing body of such legal entity, whether through the exercise of voting rights, by contract or otherwise; and/or (iii) the power to direct or cause the direction of the management and policies of such entity, whether through the exercise of voting rights, by contract or otherwise, and "**Controller**" means (i) Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) Patrick Drahi's heirs jointly.

Pursuant to the Articles of Association, the General Meeting may at all times overrule such binding nomination by a resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the issued capital. If the General Meeting overrules the binding nomination, the Nominating Shareholder may make a new binding nomination. The nomination must be included in the notice of the General Meeting at which the appointment will be considered. The Board will request the Nominating Shareholder to make its nomination at least ten days before publication of the notice of the General Meeting at which the appointment will be considered. If a nomination has not been made by the Nominating Shareholder or has not been made by the Nominating Shareholder within seven days following the request of the Board, this must be stated in the notice and the General Meeting will be free to appoint a Board Member at its discretion.

The General Meeting may at any time dismiss or suspend a Board Member. If the Nominating Shareholder proposes the dismissal of a Board Member to the General Meeting, the General Meeting can resolve upon that dismissal with an absolute majority of the votes cast. If the Nominating Shareholder has not made a proposal for the dismissal of a Board Member, the General Meeting can only resolve upon the dismissal of that Board Member with a majority of at least two-thirds of the votes cast representing more than half of the issued capital. An Executive Board Member may also be suspended by the Board; any resolution of the Board concerning the suspension or dismissal of the Vice-President must be adopted by unanimous votes in a meeting where all Board Members, other than the Vice-President, are present or represented. A General Meeting must be held within three months after a suspension of a Board Member has taken effect, in which General Meeting a resolution must be adopted either to dismiss such Board Member or to terminate or extend the suspension for a maximum period of three months. If neither such resolution is adopted, nor the General Meeting has resolved to dismiss the Board Member, the suspension will lapse.

The Nominating Shareholders' rights mentioned above may not be amended or withdrawn without the Nominating Shareholders' prior written consent. The Nominating Shareholder will only be entitled to these rights as long as it holds a direct interest of at least 30% of the aggregate nominal value of the issued and outstanding Common Shares and is Controlled by the Controller.

Amendment of the Articles of Association

The General Meeting may, at the proposal of the Board, resolve to amend the Articles of Association with an absolute majority of the votes cast, provided that at least 50% of the issued and outstanding capital is present or represented. A proposal to amend the Articles of Association must be included in the agenda of the relevant General Meeting. When a proposal to amend the Articles of Association is made, a copy of the proposal, containing the verbatim text of the proposed amendment, must be lodged with the Company for the inspection of every Shareholder from the date on which notice of the meeting is given until the end of the General Meeting.

3.7.8 Power to issue and repurchase Shares

Issuance of Shares

Shares are issued pursuant to a resolution of the General Meeting or pursuant to a resolution of the Board, to the extent so authorized by the General Meeting for a specific period not exceeding five years. The General Meeting will, for as long as any such designation of the Board for this purpose is in force, remain authorized to resolve upon the issuance of Shares. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn.

The Board is irrevocably authorized in the Articles of Association to issue Shares and to grant rights to subscribe for Shares up to the amount of the Company's authorized capital for a period of five years from August 8, 2015. This authorization of the Board will expire on August 8, 2020. After that period, Shares may be issued pursuant to (i) a resolution of the General Meeting, or (ii) a resolution of the Board, if so authorized by the General Meeting.

Pre-emptive rights

In accordance with Dutch law and the Articles of Association, holders of issued Shares have pre-emptive rights to subscribe on a pro rata parte basis for any issue of new Common Shares or upon a grant of rights to subscribe for Common Shares. Such pre-emptive rights do not apply, however, in respect of Common Shares issued against contribution in kind, Common Shares issued to employees of the Group and Common Shares issued to persons exercising a previously granted right to subscribe for Common Shares.

Pre-emptive rights may be limited or excluded by a resolution of the General Meeting. The General Meeting may designate this authority to the Board for a period not exceeding five years, provided that the Board is at that time also authorized to issue Shares. If less than one half of the issued capital of the Company is represented at a General Meeting, a majority of at least two-thirds of the votes cast is required for a resolution of the General Meeting to limit or exclude such pre-emptive rights or to make such designation. Unless otherwise stipulated at its grant, the authorization cannot be withdrawn.

Pursuant to the Articles of Association, the Board is irrevocably authorized to limit or exclude pre-emptive rights on any issue of Shares or the granting of rights to subscribe for Shares for a period of five years from August 8, 2015. After such period, the Articles of Association stipulate that pre-emptive rights may be limited or excluded by a resolution of the General Meeting, which may again designate this authority to the Board, for a period not exceeding five years, provided that the Board at that time is also authorized to issue Shares.

In accordance with Section 2:96a DCC, Shareholders do not have pre-emptive rights on any issue of Preference Shares A or Preference Shares B. Holders of Preference Shares A or Preference Shares B do not have a pre-emptive right in respect of Common Shares.

Repurchase of Shares

The Company may not subscribe for Shares upon issue. The Company may acquire fully paid-up issued Shares at any time for no consideration, or subject to Dutch law and the Articles of Association, if (i) its equity exceeds the Distributable Equity, (ii) the number of issued Shares which the Company or a or a subsidiary (as defined in the Articles of Association) acquires, holds or holds as pledgee, is not more than as permitted by Dutch law and (iii) the Board has been authorized by the General Meeting to repurchase issued Shares.

The General Meeting's authorization as referred to above may be valid for a specific period not exceeding 18 months. As part of the authorization, the General Meeting must specify the number of issued Shares that may be acquired, the manner in which the issued Shares may be acquired and the price range within which the issued Shares may be acquired.

On June 28, 2016, the General Meeting authorized the Board for a period of 18 months, commencing on June 28, 2016, to acquire issued Shares in its own capital, subject to the following conditions: (i) the maximum number of issued Shares which may be acquired is 10% of the issued share capital of the Company at any time during the period of authorization; (ii) transactions must be executed at a price between the nominal value of the issued Shares and 110% of the opening price at Euronext Amsterdam at the date of the acquisition; and (iii) transactions may be executed on the stock exchange or otherwise.

No authorization from the General Meeting is required for the acquisition of fully paid up issued Shares for the purpose of transferring the same to employees of the Company or of a Group Company under a scheme applicable to such employees (such as the SOP and the LTIP), provided that such issued Shares are listed on a stock exchange.

Capital Reduction

With due observance of the statutory requirements, the General Meeting may resolve to reduce the issued share capital by (i) reducing the nominal value of issued Shares by amending the Articles of Association or (ii) cancelling issued Shares. Pursuant to the Articles of Association, a resolution to cancel issued Shares may only relate to (a) issued Shares or depositary receipts for such issued Shares held by the Company or (b) all (issued) Preference Shares A with repayment. A reduction of the nominal value of issued Shares, with or without repayment, must be made pro rata on all issued Shares concerned. This pro rata requirement may be waived if all Shareholders concerned so agree.

Pursuant to Dutch law, a resolution of the General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued and outstanding share capital is present or represented at the General Meeting. In addition, Dutch law contains detailed provisions regarding the reduction of capital. A resolution to reduce the issued share capital will not take effect as long as creditors have legal recourse against the resolution.

On June 28, 2016, the General Meeting resolved to authorize the cancellation of any Common Shares A and Common Shares B in the share capital of the Company held by the Company. This cancellation may be executed in one or more tranches. The Board has full discretionary power to resolve not to cancel Shares. If the Board resolves to cancel Shares, it determines the number of issued Shares that will be cancelled (whether or not in a tranche). Pursuant to the relevant statutory provisions, cancellation may not be effected earlier than two months after a resolution to cancel issued Shares is adopted and publicly announced. This will apply for each tranche.

3.7.9 Significant agreements which alter or terminate upon change of control

Change of control event triggers under the Group's debt documents

Under the terms of certain of the Group's Indentures, Term Loans, Revolving Credit Facility Agreements and the 2013 Guarantee Facility Agreement, at any time following a Change of Control or Change of Control Event (each as defined in each of the relevant Indentures, Term Loans, Revolving Credit Facility Agreements and the 2013 Guarantee Facility Agreement, as applicable), the issuer or borrower, as applicable, will be required to offer to repurchase the notes or prepay the facilities, as applicable. Change of Control Events are generally defined under the relevant Indentures, Term Loans, Revolving Credit Facility Agreements and the 2013 Guarantee Facility Agreement as: (i) change in ownership of more than 50% of the voting stock in the parent of the issuer or borrower, as applicable, (ii) change to the composition of the majority of the board (including the Board and as further described in the relevant documents) and (iii) sale or other disposition of all or substantially all assets of the parent. Under the Indentures, at any time following a Change of Control Event, the applicable issuer will be required to offer to repurchase the notes issued thereunder at a price equal to 101% of their aggregate principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any. Holders of the notes are not required to tender their notes to the offer. Under the Term Loans, the applicable borrower will be required to prepay the loans plus accrued and unpaid interest, if any, and additional amounts, including unpaid accrued fees, if any. Certain of the Indentures and Term Loans contain "portability" features, under which the Change of Control Event would not be triggered as long as there is no rating decline with respect to the senior secured notes following the Change of Control Event. Under the Revolving Credit Facility Agreements, upon the occurrence of a Change of Control, the facilities are cancelled and all outstanding loans, together with accrued interest and all other amounts accrued under the finance documents become immediately due and payable. Revolving Credit Facility Agreements generally do not have a portability feature. Certain of the Revolving Credit Facility Agreements, in addition to designating all outstanding loans as immediately payable, also require the borrower, immediately following the Change of Control Event, to cash collateralize its outstanding obligations.

Change of control event triggers under other agreements

Certain employment agreements may contain specific clauses in case a change of control occurs, but this is an exceptional situation and would not have a significant impact in case of a change of control.

The SOP and the LTIP provide that all options will automatically vest in case a change of control occurs. A change of control means, for this purpose, Next, together with related parties, owning, directly or indirectly, less than 30% of the aggregate nominal value of the issued and outstanding Common Shares in the capital of the Company.

Furthermore, certain of the Group's customer contracts may include certain terminations rights upon the occurrence of a change of control. However, the Group deems the impact of these to be non-material should this provision be triggered, in light of the volume of contracts that the Group services.

Also, the Group is subject to various rules and regulations in the jurisdictions in which the Group operates and will be required to seek regulatory approval from the applicable governing bodies upon the occurrence of certain change of control events.

The Group is not subject to any change of control clauses on contracts with any of its major operational suppliers.

The service agreements of the members of the Board do not provide for any benefit upon termination of employment as a result of a change of control. The employment agreement of Michel Combes with Altice Management International S.A. provides the following benefits upon termination: if Michel Combes leaves the Group other than by reason of (i) voluntary resignation, (ii) dismissal for gross negligence, or (iii) dismissal for wilful misconduct, he shall be paid a severance fee equal to six months of his base annual salary.

3.8 Other corporate governance practices

3.8.1 Conflict of interest and transactions with major Shareholders

Dutch law provides that a managing director of a Dutch public limited liability company, such as the Company, may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal interest conflicting with the interests of the Company and the enterprise connected therewith. Such a conflict of interest only exists if in the situation at hand the managing director is deemed to be unable to serve the interests of the company and the business connected with it with the required level of integrity and objectivity. Pursuant to the Board Rules, each Board Member must immediately report any (potential) personal conflict of interest to the Chairman and to the other Board Members. A Board Member with such (potential) conflict must provide the Chairman and the other Board Members with all information relevant to the conflict. The Chairman will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest within the meaning of Section 2:129 DCC, in which case the Board member cannot participate in the deliberations and the decision-making involving a subject or transaction in relation to which there is a direct or indirect personal conflict of interest.

If there is a conflict of interest in respect of all Board Members, the decision will nevertheless be taken by the Board. All transactions involving personal conflicts of interest with members of the Board must be concluded on terms customary in the industry concerned.

The existence of a (potential) conflict of interest does not affect the authority to represent the Company.

The only transaction involving a conflict of interest with a Board Member that was entered into in 2016 and was of material significance to the Company and/or the relevant Board Member is listed below:

- the acquisition of Cablevision and the entering into and amendment to certain financing arrangements in connection therewith, in respect of which a Non-Executive Board Member, Mr. Scott Matlock, had a personal conflict of interest, in his capacity as partner at an independent investment bank, PJT Partners, which was counsel to Cablevision prior to its acquisition by the Group.

The Company complied with best practice provisions II.3.2 to II.3.4 of the Code, as well as with best practice provisions III.6.1 to III.6.3 of the Code, save for the deviations indicated in section 3.6 "*Comply or explain*".

The only transaction that was entered into in 2016 between the Company and holders of at least 10% of the total Common Shares and that was of material significance to the Company and/or the relevant shareholder was the following:

- On November 15, 2016, the Company and Next entered into a brand license and services agreement pursuant to which:
  - Next grants the Company the exclusive right to use, either directly or indirectly (through sub-licenses granted by the Company to Group Companies), the 'Altice' brand (a) as corporate name and (b) for commercial purposes, in relation to the manufacturing, provision, sale, distribution, advertising and marketing of products and services in the telecommunication, content and medias sectors, subject to Next's prior written consent for any such use; and
  - Next provides strategic services to the Group, which contribute to the implementation by the Group of the Altice Way model. Such strategic services are based on Next's proven track record of developing businesses in the cable, telecom and media industry, creating new business models, providing distinctive and innovative ideas, advising on external growth and any prospective mergers and acquisitions, analyzing possible strategic partnerships and driving excellence and Group synergies (the "**Next Expertise**"). The Next Expertise comprises the distinctive

combination of certain tangible and intangible elements, methods, know-how, layouts, concepts, and high-value added expertise to be provided by Next to contribute to the improvement of the performance of the Group. Next shall provide the Next Expertise to the Group in the following fields: (a) advice and personalized support on any potential external growth transactions which may be contemplated by the Group (mergers and acquisitions, joint ventures, high-level commercial and technological partnerships, etc.), including research and identification of targets, analysis of the potential growth and development of the telecom and media industry, personal contacts and involvement in negotiations with major shareholders and high-profile executives, development of strategies and synergies and valuation of targets and synergies; (b) advice on all financing and refinancing as may be considered by the Group, including personalized advice in consulting, selecting and negotiating with key financial institutions to obtain the best rates and terms available in any market for the Group, personal contacts and involvement in discussions with lenders' and market authorities' high-level executives; (c) developing high-level and personalized relationships with politicians, policy makers, officials and top executives from regulatory bodies in countries where the Group operates or is considering investing; (d) high-level analysis of markets of interest to the Group, including existing and potential competitors, positioning and potential repositioning of the Group, new markets in which the Group is considering operating (major market trends, new products, marketing strategies, identification of new services for the Group's existing lines of business); (e) with respect to technology, assistance with the implementation of IT solutions, definition and implementation of the most recent technological solutions available for the telecom infrastructure, identification and development of new markets/products/services; and (f) development of high-level commercial, marketing and customer care strategies.

In consideration for using the Altice brand and the provision of the strategic services, the Company pays to Next a quarterly fixed fee of 0.2% of its consolidated revenues and a yearly variable fee equal to 5% multiplied by any increase, if any, in the consolidated Adjusted EBITDA-CAPEX for the relevant year compared to the base consolidated Adjusted EBITDA-CAPEX for the financial year ended on December 31, 2016, such base Adjusted EBITDA-CAPEX being adjusted for any acquisition or transfer of a controlling interest in any entity becoming or ceasing to be part of the Group after December 31, 2016. The variable fee, if any, will be paid for the first time in 2018, based on the consolidated Adjusted EBITDA-CAPEX for the financial year 2017.

The agreement is effective as from January 1, 2016 for an initial term of 10 years, to be automatically renewed for additional 5-year periods.

Although the Company is not aware of any comparable agreement in the sector in which the Group operates, after taking into account similar agreements in other sectors, the Company believes that such brand license and services agreement was entered into on customary terms. The Company has followed the normal governance process for this type of transaction. Accordingly, the Company has complied with best practice provision III.6.4 of the Code, save for the deviations indicated in section 3.6 "*Comply or explain*".

3.8.2 Anti-takeover measures

On August 9, 2015, the Company issued a warrant (the "**Warrant**") to Next pursuant to which, under specific circumstances, Next would be entitled to subscribe for Preference A Shares in the capital of the Company to be issued upon exercise of the Warrant (the "**Warrant Shares**"). The Warrant may be exercised at any time upon and following each date of occurrence of the following event as long as the event continues to exist (the "**Exercise Event**"):

- if the shareholding of any holder of Common Shares, other than Next (or the shareholding of any holder of Common Shares, other than Next, when aggregated with the shareholding(s) of any Shareholder(s) with whom such Shareholder is acting in concert), is at least equal to 20% of the aggregate nominal value of the Common Shares.

Upon exercise of the Warrant (in full or partially), Next has the right (but not the obligation) to subscribe for Warrant Shares. The consideration to be paid consists of payment in cash of at least one quarter of the nominal value of each Warrant Share in euro (the "**Exercise Price**"). Next has the right to subscribe for such number of Warrant Shares in order for Next to reach a maximum of 66.67% of the aggregate nominal value of all issued Shares in the capital of the Company from time to time, taking into account the Shares already held by the Next.

The right of Next to exercise the Warrant is not extinguished upon exercise of the Warrant. The Warrant is a revolving instrument entitling Next to exercise the Warrant when an Exercise Event occurs, notwithstanding any previous exercise of the Warrant.

The Company shall cancel all outstanding Warrant Shares against repayment of the aggregate Exercise Price following the exercise of the Warrant:

- if Next transfers any Warrant Shares to any person other than the Company, except in case of a transfer to any person or entity which holds a direct interest of at least 30% of the aggregate nominal value of the Common Shares and is controlled by (i) Mr. Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) his heirs jointly; or
- if Next holds less than 30% of the aggregate nominal value of the Common Shares; or
- following the occurrence of the Exercise Event, if no single holder of Common Shares (other than Next) and no holder of Common Shares (other than Next) acting in concert continues to hold 20% or more of the aggregate nominal value of the Common Shares.

4 BOARD STATEMENTS

4.1 Corporate governance statement

The information required to be included in this corporate governance statement as described in sections 3, 3a and 3b of the Decree laying down additional requirements for annual reports ("*Vaststellingsbesluit nadere voorschriften inhoud jaarverslag*") (the "**Decree**"), can be found in the following sections of this Management Report:

- the information concerning compliance with the Code, as required by article 3 of the Decree, can be found in section 3.6 *"Comply or explain*";
- the information concerning the Company's risk management and control frameworks relating to the financial reporting process, as required by section 3a(a) of the Decree, can be found in section 2.7 "*Risk management and control*";
- the information regarding the functioning of the General Meeting, and the authority and rights of the Company's Shareholders, as required by article 3a(b) of the Decree, can be found in the relevant subsections under section 3 "*Governance*";
- the information regarding the composition and functioning of the Board and its committees, as required by article 3a(c) of the Decree, can be found in the relevant subsections under section 3 *"Governance*"; and
- the information required by Article 10 of the European Takeover Directive ("*Besluit artikel 10 overnamerichtlijn"*), as required by article 3b of the Decree, can be found in section 3.7 "*Capital, Shares and voting rights*".

4.2 In control statement

In accordance with the best practice provision II.1.5 of the Code on the risks relating to financial reporting, the Board believes that, to the best of its knowledge:

- the Company's internal risk management and control systems provides reasonable assurance that its financial reporting does not contain any error of material importance; and
- the Company's internal risk management and control systems in relation to financial reporting were acted upon properly in 2016.

4.3 Responsibility statement

With reference to section 5.25c paragraph 2c of the Wft, the Board declares that, to the best of its knowledge:

- the annual financial statements for the year ended December 31, 2016 provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and its consolidated subsidiaries in accordance with IFRS as adopted by the European Union; and
- the Management Report provides a true and fair view of the position of the Company and its consolidated subsidiaries as at December 31, 2016, accompanied by a description of the principal risks the Company faces.

Amsterdam, March 30, 2017.

The Board

Mr. Dexter Goei, President and Executive Board Member
Mr. Michel Combes, CEO and Executive Board Member
Mr. Dennis Okhuijsen, CFO and Executive Board Member
A4 S.A., Vice-President and Executive Board Member
Mr. Jurgen van Breukelen, Chairman and Non-Executive Board Member
Mr. Scott Matlock, Non-Executive Board Member
Mr. Jean-Luc Allavena, Non-Executive Board Member

5 NON-EXECUTIVE REPORT

5.1 Introduction

The Company's Non-Executive Board Members are entrusted with supervising the performance by the Board Members of their respective duties. The Board acts as a collegial body and as such the Board discussed the plans and budget for the coming financial year. Also, at least once a year, the Executive Board Members and Non-Executive Board Members formally review and discuss strategy, strategic, operational, compliance and financial risks, as well as the adequacy of the internal risk management framework and of internal controls. In addition, the Executive Board Members and Non-Executive Board Members regularly discuss the operation of the Company and its businesses. Each Non-Executive Board Member is "independent" within the meaning of the Code. Information regarding the activities of the Board committees, which are comprised of Non-Executive Board Members, is included below. Ms. Natacha Marty acts as Company secretary.

5.1.1 Non-Executive Board Members

The following table provides information on the Non-Executive Board Members of the Company as of December 31, 2016.

	Jurgen van Breukelen	**Scott Matlock**	**Jean-Luc Allavena**
Gender	Male	Male	Male
Age[2]	47	51	53
Profession	Senior Adviser at Permira Advisers LLP Senior Adviser to the Investment Bank of Barclays Bank PLC	Partner at PTJ Partners, an independent investment bank	Chairman of Atlantys Investors, an investment fund (in partnership with Apollo Management)
Principal position	Chairman	Non-Executive Board Member	Non-Executive Board Member
Nationality	Dutch	American and British	Monegasque
Other positions[1]	Non-executive member of the board of Bosal Nederland B.V. Advisory board member of Ponooc B.V. Member of supervisory board of Alzheimer Nederland Chairman of the supervisory board of Van Gansewinkel Groep Advisory board member of the Rotterdam School of Management, Erasmus University Rotterdam		Honorary chairman of the HEC Alumni Association and the HEC Foundation Board member of Banque Pâris Bertrand Sturdza SA Board member of Verallia
Date of appointment	August 6, 2015	August 6, 2015	August 6, 2015

(1) Other positions, in so far as they are relevant to the performance of the duties of the Non-Executive Board Member.
(2) Ages as of December 31, 2016

5.1.2 Meetings

The following table shows the attendance at Board meetings of the Non-Executive Board Members.

Date	Jurgen van Breukelen	Scott Matlock	Jean-Luc Allavena
January 11, 2016	Present	Present	Present
March 14, 2016	Present	Present	Present
March 30, 2016	Present	Present	Present
May 10, 2016	Present	Present	Present
June 28, 2016	Present	Present	Present
July 25, 2016	Present	Present	Present
August 8, 2016	Present	Present	Present
September 4, 2016	Present	Present	Present
November 10, 2016	Present	Absent	Present
December 16, 2016	Present	Present	Present

In addition, the Non-Executive Board Members held some preparatory meetings to discuss the important topics on the agenda of the respective Board meetings.

5.1.3 Other relevant activities of the Non-Executive Board Members

The members of the Audit Committee are invited each year to the 'CFO conference' which regroups the CFO and the chief executive officers of all Group Companies and relevant members of their respective teams once a year. Mr. van Breukelen attended the last two CFO conferences and at this occasion met all key people in the finance function of the Group.

In addition, Mr. van Breukelen attended certain monthly reviews of business on the ground and attended the Top 130 Management seminar in Tel Aviv in November 2016, and at this occasion met the top management of the main operating Group Companies.

5.1.4 Independence

All Non-Executive Board Members of the Company are considered independent within the meaning of best practice provision III.2.2 of the Code.

5.2 Evaluation

The Non-Executive Board Members held two meetings independent from the Executive Board Members, in February and March 2017, to:

- conduct a self-assessment regarding their own performance in 2016, including their interaction with the Executive Board Members and the Board;
- evaluate the functioning of the Audit Committee and the Remuneration Committee (including an evaluation of their respective chairmen), the performance of the Executive Board Members, the functioning and performance of the entire Board (including an evaluation of the Chairman) and the performance of the External Auditor; and
- set objectives for improving the governance and functioning of the Non-Executive Board Members as well as the Board as a whole during the financial year 2017.

5.2.1 Committees

The Board has two committees: the Remuneration Committee and the Audit Committee. The Remuneration Committee and the Audit Committee may seek assistance from external experts to fulfil their respective duties.

Please see section 3.2.4 "*Board Committees*" for the duties of the Remuneration Committee and the Audit Committee.

Remuneration Committee

The Remuneration Committee consists of not less than two and not more than three Non-Executive Board Members. The members of the Remuneration Committee have the requisite expertise in the area of remuneration policy required to fulfil their role effectively on the Remuneration Committee. At meetings, the Remuneration Committee is chaired by an independent Non-Executive Board Member designated by the Board at all times. Currently, the Remuneration Committee consists of three Board Members: Mr. Jean-Luc Allavena, Mr. Jurgen van Breukelen and Mr. Scott Matlock. Mr. Scott Matlock is the chairman of the Remuneration Committee.

Audit Committee

The Audit Committee presents recommendations and reports upon which the Board may base its decisions and actions. However, all Board Members remain responsible for their decisions, irrespective of whether the issue in question was reviewed by the Audit Committee.

The responsibilities of the Audit Committee are defined in the Audit Committee Regulations which have been approved by the Board.

The Audit Committee regularly evaluates its own effectiveness as a collective body and makes recommendations to the Board for the necessary adjustments in its internal regulations.

The Audit Committee consists of at least two and no more than three Non-Executive Board Members. At meetings, the Audit Committee is at all times chaired by an independent Non-Executive Board Member designated by the Board. The Audit Committee meets as often as necessary to ensure effectiveness and is required to meet at least four times per year. Currently, the Audit Committee consists of three Board Members: Mr. Jean-Luc Allavena, Mr. Jurgen van Breukelen and Mr. Scott Matlock. Mr. Jurgen van Breukelen is the chairman of the Audit Committee.

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

Date	**Jurgen van Breukelen**	**Scott Matlock**	**Jean-Luc Allavena**
January 11, 2016	Present	Present	Present
March 9, 2016	Present	Present	Present
March 30, 2016	Present	Present	Present
May 9, 2016	Present	Present	Present
August 4, 2016	Present	Present	Present
November 4, 2016	Present	Present	Present

5.2.2 Strategy

In 2016, the Chairman of the Board was in close contact with both the CEO and the President, and has been in contact with senior executives of operating entities of the Group. The Non-Executive Board Members periodically reviewed matters concerning the Company's strategy in 2016, which was based on the following pillars:

- the Group continued to optimize its operations across its footprint, in particular by pursuing the integration of the acquired businesses with its existing businesses, and to realize efficiencies, by focusing on cost optimization and increasing economies of scale and operational synergies as the Group develops;

- the Group made significant investments for the deployment of fiber in all the geographies in which the Group operates and for the improvement of its mobile network (in particular though the launch of new 4G sites) in the markets in which it offers mobile services;

- the Group was focused on the convergence of fixed and mobile services, as well as the convergence of telecoms, media, content and advertising, to offer more value to its customers and to decrease churn; to

that effect, the Group selectively invested in content and media in the core markets in which it operates;

- the Group aimed at making its core strategic, operational and technical capabilities available to the Group Companies in a more centralized manner, so that the Group Companies could benefit even more from the know-how, methodologies, best practices, processes and unique services of the Group's management team in the areas of technical services, customer care, procurement, R&D, etc., while having access to the scale benefits of the Group;

- the Group was committed to the continuous improvement in customer experience and strived to provide the best service across the customer lifecycle from point of sale to installation to customer care. Key aspects of this initiative are (i) to integrate operations and centralize functions in order to optimize processes and (ii) to link sales incentives to churn, NPS and ARPU as opposed to more traditional criteria of new sales, in order to refocus the organization away from churn retention to churn prevention;

- the Group intended to grow its businesses, though the introduction of new services leveraging its best-in-class fiber and mobile networks, and the investment in sales channels and marketing; and

- the Group continued to evaluate opportunistic acquisitions, based on a number of criteria, including the quality of the assets, the fit with the Group's existing operations and the opportunity to create value by optimizing operations, accelerating growth and realizing cost efficiencies.

In addition, the Non-Executive Board Members oversaw the setting up of the corporate internal audit function at the Group's level and the risk assessment conducted by the Group (please see section 2.7 "*Risk management and control*").

5.2.3 Profile

The size and composition of the Board, including the number and composition of the Non-Executive Board Members, is established in conformity with the Board profile, which is made available on the Company's website. The Non-Executive Board Members aim to achieve diversity in the composition of the Board in terms of gender and nationality.

5.3 Remuneration Report

This report gives an overview of the remuneration of the Board and explains how the remuneration policy was applied in 2016. Such report is also made available on the Company's website.

The Remuneration Committee was appointed to advise the Board and to prepare Board resolutions related to remuneration. The Remuneration Committee has the following duties:

- making proposals to the Board for the remuneration policy to be implemented;
- making proposals for the remuneration of the individual Executive Board Members, for adoption in the General Meeting, including: (i) the remuneration structure and (ii) the amount of fixed remuneration, Shares or options or other variable remuneration components, pension rights, redundancy pay, and other forms of compensation to be granted as well as (iii) the performance criteria and how these should be applied; and
- preparing the remuneration report.

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

5.3.1 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 Members 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, 2016, 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 six meetings in 2016 and reviewed, among others, the following matters:

- the HR strategy of the Group;
- the amendment of the SOP;
- the amendment of the remuneration of Mr. Dexter Goei and Mr. Michel Combes;
- the determination of the annual cash bonus of the Executive Board Members for the financial year 2015;
- the amendment of the LTIP;
- the amendment of the Remuneration Policy of the Board;
- the granting of stock options;
- the determination that no amount will be paid by the Company under the Cash Compensation Plan; and
- the remuneration policy for the Executive Board Members and the members of the management team for the year 2016.

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

Date	Jurgen van Breukelen	Scott Matlock	Jean-Luc Allavena
January 11, 2016	Present	Present	Present
February 26, 2016	Present	Present	Present
March 9, 2016	Present	Present	Present
May 9, 2016	Present	Present	Absent
July 25, 2016	Present	Present	Present
November 3, 2016	Present	Present	Present

5.3.2 Remuneration policy

The remuneration policy was adopted by a resolution of the General Meeting with effect from June 28, 2016 and is made available on the Company's website (the "**Remuneration Policy**"). The Remuneration Policy continues the Remuneration Policy that was adopted on August 7, 2015 (subject to and with effect from the effective date of the Merger), which in turn continued the Remuneration Policy that applied to Altice S.A. following the listing of its shares on Euronext Amsterdam on January 31, 2014. 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 applies to Executive Board Members, including in their capacity as an employee or service provider to Group companies. The remuneration philosophy and framework 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 pay elements linked to performance over the short and long term;
- encourage and reward performance that will lead to long-term enhancement of shareholder value; and

- take into account remuneration practices in the markets in which the Company operates and competes for talent.

The Company expects the General Meeting to be held in June 2017 to amend the Remuneration Policy in order to clarify that cash bonuses may have a deferred element.

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;
- annual cash bonus;
- cash compensation plan; and
- equity incentives.

Remuneration for Non-Executive Board Members

The compensation of Non-Executive Board Members is currently set at €60,000 per annum per Non-Executive Board Member with further fixed fees 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 fees of €20,000 and €5,000 per annum respectively. The chairmen of the Audit Committee and the Remuneration Committee currently receive additional fees of €20,000 and €10,000 per annum respectively.

Remuneration for Executive Board Members

Fixed remuneration

Notwithstanding any additional remuneration payable to the Executive Board Members by certain of the Company's subsidiaries under this Remuneration Policy for services rendered to the Group, the following annual remunerations 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

Elements of fixed pay, comprising salary, 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 pay elements are reviewed by the Remuneration Committee annually to ensure they remain competitive.

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.

Variable pay

Variable pay elements are intended to motivate the Executive Board Members, in their capacity of employee or service-provider to Group entities, (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 shareholder value. The form and structure of variable pay elements are reviewed at regular intervals to ensure they continue to support the objectives of the Group and its Shareholders. Further details regarding each of the variable pay elements currently operated are provided below.

(i) Annual cash bonus

The Group operates an annual performance-related bonus plan for the Executive Board Members, in their capacity of employee or service-provider to Group entities (and other senior managers). Performance-related bonuses will

be a percentage of an Executive Board Member's fixed annual salary and will be determined by the General Meeting. The Board makes a proposal thereto based upon a recommendation of the Remuneration Committee.

Different percentages will apply depending upon the Executive Board Member's (or senior manager's) seniority. Performance-related 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. Performance-related bonuses will be paid only if certain minimum performance thresholds are met.

(ii) Cash Compensation Plan

Executive Board Members, in their capacity of employee or service-provider to Group entities, (and other senior managers) will be eligible to participate in the Group's Cash Compensation Plan (the "**CCP**"). Under the CCP, a discretionary pool may be created upon the recommendation of the Remuneration Committee annually, based upon the Group's performance (such as Group's EBITDA minus capital expenditure) for the particular financial year against pre-determined stretching financial targets.

The extent to which on-target performance will be achieved is determined by the Remuneration Committee once the Group's results have been published for the particular financial year. The General Meeting may, upon proposal of the Board based on a recommendation of the Remuneration Committee, allocate all or part of the pool between the Executive Board Members, in their capacity of employee or service-provider to Group entities. The President and the CEO of the Company may, in consultation with the Remuneration Committee, allocate any remainder of the pool between the other eligible employees.

(iii) Equity incentives

The Executive Board Members, including the President, as reward for their employment with or provision of services to Group entities, 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.

(iv) Adjustments to variable remuneration

Pursuant to Dutch law and the Code, 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 and the Code, 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;
- claw back – the Board will have the authority under the Code and 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; and
- deduction of value increase of Common Shares – in the case of a Common Share price increase due to a public offer on the Common Shares, Dutch law prescribes that the remuneration of an Executive Board Member (in any capacity whatsoever within the Group) be reduced by an amount equal to the value increase of the Common Shares. Only Common Shares received by means of remuneration are subject to deduction – Common 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.

5.3.3 *Implementation*

The Remuneration Policy was adopted by the General Meeting on June 28, 2016. The principles described in the Remuneration Policy have been applied in 2016.

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 5.3.7 "*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, growth and value creation.

The Remuneration Committee regularly reviews whether the Remuneration Policy or the way it is implemented should be adjusted. For example, in 2016, the Remuneration Committee assessed the need for:

- amending the SOP (as further discussed in section 5.3.6 "*Share options*") in order to, *inter alia*, reflect more accurately the way the Company intends to implement the SOP, reduce the period for calculating the exercise price to 30 days, modify the definition of good leaver and bad leaver to align them with market practice and clarify the mechanism for the settlement of the stock options; and

- introducing a new long-term incentive plan, based on cash and on equity-based remuneration (the LTIP, as further discussed in section 5.3.6 "*Share options*"), mainly to support the retention of the participants under the SOP whose stock options have partially vested.

Upon its ex-post review of the relationship between the chosen performance criteria and the strategic objectives of the Group, and of the relationship between remuneration and performance, the Remuneration Committee - given the importance of the link between the variable remuneration of the Executive Board Members and the Group's strategic ambitions - decided not to change the definition of the financial performance criteria for the financial year 2017.

In 2017, 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 II.2.12 of the Code, save for the deviations indicated in section 3.6 "*Comply or explain*".

5.3.4 *Remuneration of the Board*

Remuneration of the Board in 2016

The table below provides an overview of the remuneration of each Board Member for the financial year ended December 31, 2016. For every amount specified, the amount includes gross amounts, before the impact of social security or income tax deductions.

Name	Fixed fee	Additional fee for services to the Group(1)	Committee membership	Annual cash bonus(2)	Cash compensation plan(3)	Equity-based compensation(4)	US Carried Interest Plan(5) (6)	LPP collective plan(7)	Total(8)
Patrick Drahi(9)	€150,000	-	N/A	-	-	€2,089,472	€4,394,153	-	€6,633,625
Dexter Goei	€181,667	CHF480,724 €49,265	N/A	€2,400,000	-	€2,089,472	€6,558,918	CHF9,738	€11,729,223
Michel Combes	€90,000	€560,000	N/A	€700,000	-	€4,458,305(10)	-	CHF9,175	€5,816,721
Dennis Okhuijsen	€160,000	€173,333	N/A	€750,000	-	€672,283	-	-	€1,755,616

Name	Fixed fee	Additional fee for services to the Group(1)	Committee membership	Annual cash bonus(2)	Cash compensation plan(3)	Equity-based compensation (4)	US Carried Interest Plan(5) (6)	LPP collective plan(7)	Total(8)
A4, S.A.(11)	€150,000	-	N/A	-	-	-	-	-	€150,000
Jurgen van Breukelen	€72,600(12)	N/A	€54,450(12)	N/A	N/A	N/A	N/A	N/A	€127,050(12)
Scott Matlock	€60,000	N/A	€35,000	N/A	N/A	N/A	N/A	N/A	€95,000
Jean-Luc Allavena	€60,000	N/A	€25,000	N/A	N/A	N/A	N/A	N/A	€85,000

(1) Payable to the Executive Board Members by Group Companies for services rendered to the Group.
(2) The Group operates an annual performance related bonus plan for the Executive Board Members, in their capacity of employee or service-provider to Group Companies. Please refer to section 5.3.2 "*Remuneration policy*". The annual cash bonuses specified here relate to performance in 2015 but were paid out in February 2016 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 the annual bonuses of the Executive Board Members wad determined by the General Meeting of June 28, 2016.
(3) Please refer to section 5.3.2 "*Remuneration policy*".
(4) This refers to the expense recorded in the consolidated statement of income with regards to the stock options granted to the Executive Board Members for the year ended December 31, 2016. Please refer to section 5.3.6 "*Share options*" for a summary of the stock options granted to the Executive Board Members under the SOP and the LTIP.
(5) This refers to the expense recorded in the consolidated statement of income with regards to the Class C Units granted to the Executive Board Members under the US Carried Interest Plan. Please refer to section 5.3.6 "*Share options*" for a summary of the grants of Class C Units to the Executive Board Members.
(6) For calculation purposes, the average exchange rate of U.S. dollars into euros for the year ended December 31, 2016 was used (€1.00 = $1.1069).
(7) Please see section 5.3.8 "*Pension schemes / early retirement*".
(8) For calculation purposes, the average exchange rate of Swiss Francs into euros for the year ended December 31, 2016 was used (i.e. CHF1 = €0.91730).
(9) Patrick Drahi stepped down from his position as Board Member and President of the Company on September 6, 2016.
(10) Please refer to section 5.3.6 "*Share options*" for a summary of the stock options granted to Mr. Combes under the SOP. In addition, on July 9, 2016, the Board of Directors granted 294,120 conditional Preference Shares B to Mr. Michel Combes. These conditional Preference Shares B will vest on the fourth anniversary of the grant date and will be issued and automatically be converted into Common Shares A upon vesting.
(11) The permanent representative of A4 S.A. on the Board of Directors 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.
(12) Including 21% VAT.

5.3.5 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 expansion 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 II.2.2 of the Code, save for the deviations indicated in section 3.6 "*Comply or explain*".

5.3.6 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	Issue date	Tranches	Number of options granted	Current status	Exercise price (€)	Value at the grant date (€)	Value at vesting (€)	Vesting(2)
Next Alt (controlled by Patrick Drahi)(3)	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	Unvested	7.0625	0	N/A	January 31, 2018
Dexter 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	Unvested	7.0625	0	N/A	January 31, 2018
Dennis Okhuijsen(4)	January 31, 2015	First (50%)	733,810	Vested	13.6275	3,594,201	4,881,671	January 31, 2017
		Second (25%)	366,905	Unvested	13.6275	1,797,100	N/A	January 31, 2018
		Third (25%)	366,905	Unvested	13.6275	1,797,100	N/A	January 31, 2019

Name	Issue date	Tranches	Number of options granted	Current status	Exercise price (€)	Value at the grant date (€)	Value at vesting (€)	Vesting[2]
Michel Combes	January 31, 2016	First (50%)	1,418,104	Unvested	17	0	N/A	January 31, 2018
		Second (25%)	709,052	Unvested	17	0	N/A	January 31, 2019
		Third (25%)	709,052	Unvested	17	0	N/A	January 31, 2020

(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 cross-border merger with Altice S.A., 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 issue date.
(3) Patrick Drahi stepped down from his position as Board Member and President of the Company on September 6, 2016.
(4) 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.

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 will mainly be 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	Issue date	Number of options granted	Current status	Value at the grant date (€m)	Exercise price (€)	Vesting[1]
Patrick Drahi[2]	January 31, 2016	755,287	Unvested	0	13.24	January 31, 2019
Dexter Goei	January 31, 2016	755,287	Unvested	0	13.24	January 31, 2019

(1) Vested options can be exercised at any time until the 10th anniversary of the issue date.
(2) Patrick Drahi stepped down from his position as Board Member and President of the Company on September 6, 2016.

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. As in the case of a stock option, a profits interests has no value at grant. Instead, the holder of a profits interest only realizes value if the limited partnership on which it is granted appreciates in value or has profits.

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.

In the event of an IPO of Altice USA, a participant may be required to exchange his or her Class C Units for common stock in the newly listed entity or one of its affiliates. An IPO will not accelerate the vesting of the Units.

The following table summarizes the Class C Units granted to current Board Members under the US Carried Interest Plan.

Name	Grant date	Tranches	Number of Class C Units granted	Current status	Value (€m)	Vesting
Patrick Drahi (through Uppernext S.C.Sp)	July 13, 2016	First (50%)	5,650,000	Unvested	5	December 31, 2017
		Second (25%)	2,825,000	Unvested	2.5	December 31, 2018
		Third (25%)	2,825,000	Unvested	2.5	December 31, 2019
Dexter Goei	July 13, 2016	First (50%)	5,650,000	Unvested	5	December 31, 2017
		Second (25%)	2,825,000	Unvested	2.5	December 31, 2018
		Third (25%)	2,825,000	Unvested	2.5	December 31, 2019
	July 13, 2016	N/A	10,000,000	Unvested	9(1)	2020 (subject to performance conditions)

(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 = $1.1069).

5.3.7 Performance criteria

The variable remuneration of the members of the senior leadership team of the Group, including the Executive Board Members, 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, 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 2016 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 "Target") was set based on the Group's annual budget for the financial year 2016, 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 Target	Result for such indicator
Less than 95% of the Target	0
95% of the Target	50%
100% of the Target	100%
110% of the 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 Targets and calculated the multiplying factor which, at the Group level, amounts to 113.1% for 2016.

In addition, in 2016, when assessing whether the personal performance criteria had been met, the Remuneration Committee took into account the exceptional results achieved by the senior management team in developing the Group as well as implementing the Group's strategy, and the personal contribution of each Executive Board Member to such results.

5.3.8 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.

5.4 Audit Committee

The Board has appointed an Audit Committee to advise the Board in relation to the financial reporting process and its other responsibilities and to prepare resolutions for the Board in relation thereto. Please see section 3.2.4 "*Board Committees*" for an overview of the Audit Committee's duties.

5.4.1 Composition, number of meetings and main items discussed

On December 31, 2016, the Audit Committee consisted of three Board Members: Mr. Jean-Luc Allavena, Mr. Jurgen van Breukelen and Mr. Scott Matlock, with Mr. Jurgen van Breukelen acting as the chairman. The Chairman of the Audit Committee was in regular contact with the CFO of the Company. Ms Natacha Marty acts as the Audit Committee's secretary since July 2015.

The Audit Committee held six meetings in 2016 and reviewed matters including:

- legal compliance and Dutch corporate governance;
- assessment of the Company's operational and financial performance and the results achieved;
- assessment of the appropriateness of all aspects of the global finance function, in light of the rapidly increasing footprint of the Company;
- review of the (debt) (re)financing and capital market activities;
- assessment of the effectiveness of financial reporting, internal control, and risk management systems;
- review and approval of quarterly results and earnings releases;
- review and approval of the standalone and consolidated financial statements of the Company as of December 31, 2015;
- review and approval of the 2015 Management Report and the comply or explain list; and
- reports from the independent External Auditor.

The Audit Committee and the Board review the functioning of the External Auditor annually.

The External Auditor was present at each Audit Committee meeting and reported to the Audit Committee each quarter by way of its Audit Committee report, which discussed accounting topics, audit findings, treatment of acquisitions, internal controls and other matters deemed relevant by the External Auditor. The Chairman of the Audit Committee also met separately with the External Auditor on several occasions. The Audit Committee closely monitored the External Auditor's independence.

Mr. Jurgen van Breukelen is a financial expert within the meaning of best practice provision III.3.2 of the Code.

APPENDIX 1: DEFINED TERMS

The following definitions are used in this Management Report.

2009 Cablevision Senior Notes Collectively, the $900 million aggregate principal amount of 8⅝% Senior Notes due 2017 and 8⅝% Series B Senior Notes due 2017 issued by Cablevision under an indenture dated as of September 23, 2009.

2012 Altice Financing Revolving Credit Facility Agreement The revolving credit facility agreement originally dated November 27, 2012, as amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Altice Financing, as borrower, the lenders from time to time party thereto, Citibank International PLC, as facility agent, and Citibank, N.A., London Branch, as security agent.

2012 Cequel Senior Notes The $1,500 million aggregate principal amount of 6⅜% Senior Notes due 2020 issued by Cequel Communications Escrow Capital Corporation and Cequel Communications Escrow I, LLC (succeeded to by Cequel Communications Holdings I, LLC and Cequel Capital Corporation) pursuant to the 2012 Cequel Senior Notes Indenture.

2012 Cequel Senior Notes Indenture The indenture dated as of October 25, 2012, as amended, among, *inter alios*, Cequel Communications Escrow Capital Corporation and Cequel Communications Escrow I, LLC (succeeded to by Cequel Communications Holdings I, LLC and Cequel Capital Corporation), as issuers and the trustee party thereto, governing the 2012 Cequel Senior Notes.

2012 Senior Notes The $425 million aggregate principal amount of 9⅞% Senior Notes due 2020 issued by Altice Finco pursuant to the 2012 Senior Notes Indenture.

2012 Senior Notes Indenture The indenture dated as of December 12, 2012, among, *inter alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2012 Senior Notes.

2013 Altice Financing Revolving Credit Facility Agreement The revolving credit facility agreement originally dated July 1, 2013, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice Financing, as borrower, the lenders from time to time party thereto, Citibank International PLC, as facility agent, and Citibank, N.A., London Branch, as security agent.

2013 Cequel Senior Notes The $750 million aggregate principal amount of 5.125% Senior Notes due 2021 issued by Cequel Communications Holdings I, LLC and Cequel Capital Corporation pursuant to the 2013 Cequel Senior Notes Indenture.

2013 Cequel Senior Notes Indenture The indenture dated as of May 16, 2013, as amended, among, *inter alios*, Cequel Communications Holdings I, LLC and Cequel Capital Corporation, as issuers and the trustee party thereto, governing the 2013 Cequel Senior Notes.

2013 Dollar Senior Notes The $400 million aggregate principal amount of 8⅛% Senior Notes due 2024 issued by Altice Finco on December 12, 2013 under the 2013 Dollar Senior Notes Indenture.

2013 Dollar Senior Notes Indenture

The indenture dated as of December 12, 2013, as amended, among, *inter alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2013 Dollar Senior Notes.

2013 Euro Senior Notes

The €250 million aggregate principal amount of 9% Senior Notes due 2023 issued by Altice Finco under the 2013 Euro Senior Notes Indenture.

2013 Euro Senior Notes Indenture

The indenture dated as of June 14, 2013, as amended, among, *inter alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2013 Euro Senior Notes.

2013 Guarantee Facility Agreement

The €15 million guarantee facility agreement entered into on July 1, 2013 as amended, restated, supplemented or otherwise modified from time to time between, *inter alios*, Altice Financing, as borrower and guarantor, certain lenders party thereto, Goldman Sachs Bank USA, Morgan Stanley Bank International Limited, Crédit Agricole Corporate and Investment Bank, Credit Suisse AG, London Branch, Deutsche Bank AG, London Branch and ING Bank N.V. as mandated lead arrangers, Wilmington Trust (London) Limited as Facility Agent and Citibank, N.A., London Branch as security agent.

2013 Senior Secured Notes

The $900 million aggregate principal amount of 6½% Senior Secured Notes due 2022 issued by Altice Financing and the €300 million aggregate principal amount of 6½% Senior Secured Notes due 2022 issued by Altice Financing under the 2013 Senior Secured Notes Indenture.

2013 Senior Secured Notes Indenture

The indenture dated as of December 12, 2013 among, *inter alios*, Altice Financing, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2013 Senior Secured Notes.

2014 Altice Financing Revolving Credit Facility Agreement

The revolving credit facility agreement originally dated December 9, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice Financing as borrower, the lenders from time to time party thereto, Citibank International Limited as facility agent and Citibank, N.A., London Branch as security agent.

2014 Altice Luxembourg Revolving Credit Facility Agreement

The €200 million revolving credit facility agreement originally dated May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice S.A. (succeeded to by Altice Luxembourg), as borrower, the Mandated Lead Arrangers (as defined therein), Deutsche Bank AG, London Branch, as facility agent, and Deutsche Bank AG, London Branch, as security agent.

2014 Altice Luxembourg Senior Notes

Collectively, the $2,900 million 7¾% Senior Notes due 2022 and the €2,075 million 7¼% Senior Notes due 2022 issued by Altice S.A. (succeeded to by Altice Luxembourg) under the 2014 Altice Luxembourg Senior Notes Indenture.

2014 Altice Luxembourg Senior Notes Indenture	The indenture dated May 8, 2014, among, *inter alios*, Altice S.A. (succeeded to by Altice Luxembourg), and the trustee and the security agent party thereto, governing the 2014 Altice Luxembourg Senior Notes.
2014 Cequel Senior Notes	The $500 million aggregate principal amount of 5.125% Senior Notes due 2021 issued by Cequel Communications Holdings I, LLC and Cequel Capital Corporation pursuant to the 2014 Cequel Senior Notes Indenture.
2014 Cequel Senior Notes Indenture	The indenture dated as of September 9, 2014, as amended, among, *inter alios*, Cequel Communications Holdings I, LLC and Cequel Capital Corporation, as issuers and the trustee party thereto, governing the 2014 Cequel Senior Notes.
2014 SFR Credit Facility Agreement	The credit facility agreement originally dated May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, between, among, *inter alios*, SFR Group and certain of its subsidiaries, as borrowers, the lenders from time to time party thereto and Deutsche Bank AG, London Branch as facility agent and security agent.
2014 SFR Revolving Credit Facility Agreement	The revolving credit facility agreement originally dated May 8, 2014, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, SFR Group and certain of its subsidiaries as borrowers, the lenders from time to time party thereto and the security agent party thereto.
2014 SFR Senior Secured Notes due 2022	Collectively, the $4,000 million aggregate principal amount of 6% Senior Secured Notes due 2022 and the €1,000 million aggregate principal amount of $5^3/_8$% Senior Secured Notes due 2022 issued by SFR Group under the 2014 SFR Senior Secured Notes due 2022 Indenture.
2014 SFR Senior Secured Notes due 2024	Collectively, the $1,375 million aggregate principal amount of $6^1/_4$% Senior Secured Notes due 2024 and the €1,250 million aggregate principal amount of $5^5/_8$% Senior Secured Notes due 2024, issued by SFR Group under the 2014 SFR Senior Secured Notes due 2024 Indenture.
2014 SFR Senior Secured Notes due 2022 Indenture	The indenture dated as of May 8, 2014, as amended, among, *inter alios*, SFR Group, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2014 SFR Senior Secured Notes due 2022.
2014 SFR Senior Secured Notes due 2024 Indenture	The indenture dated as of May 8, 2014, as amended, among, *inter alios*, SFR Group, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2014 SFR Senior Secured Notes due 2024.

2015 Altice Financing Credit Facility Agreement

The credit facility agreement originally dated January 30, 2015, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Altice Financing as borrower, the lenders from time to time party thereto, Deutsche Bank AG, London Branch as trustee and Deutsche Bank AG, New York Branch as administrative agent and Citibank, N.A., London Branch as security agent.

2015 Altice Financing Revolving Credit Facility Agreement

The revolving credit facility agreement originally dated January 30, 2015, as amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Altice Financing as borrower, the lenders from time to time party thereto, Citibank International Limited as facility agent and Citibank, N.A., London Branch as security agent.

2015 Altice Luxembourg Senior Notes

Collectively, the $1,480 million 7⅝% Senior Notes due 2025 and the €750 million 6¼% Senior Notes due 2025 issued by Altice S.A. (succeeded to by Altice Luxembourg) under the 2015 Altice Luxembourg Senior Notes Indenture.

2015 Altice Luxembourg Senior Notes Indenture

The indenture dated February 4, 2015, among, *inter alios*, Altice S.A. (succeeded to by Altice Luxembourg), and the trustee and the security agent party thereto, governing the 2015 Altice Luxembourg Senior Notes.

2015 Cablevision Credit Facility Agreement

The credit facility agreement originally dated October 9, 2015, as amended, restated, supplemented or otherwise modified from time to time among, *inter alios*, Neptune Finco (succeeded to by CSC Holdings) as borrower, the lenders from time to time party thereto and JP Morgan Chase Bank N.A. as security agent.

2015 Cablevision Revolving Credit Facility

The $2,105 million revolving credit facility available pursuant to the 2015 Cablevision Credit Facility Agreement.

2015 Cablevision Senior Guaranteed Notes

The $1,000 million aggregate principal amount of 6⅝% Senior Guaranteed Notes due 2025 issued by Neptune Finco (succeeded to by CSC Holdings) pursuant to the 2015 Cablevision Senior Guaranteed Notes Indenture.

2015 Cablevision Senior Guaranteed Notes Indenture

The indenture dated as of October 9, 2015, as amended, among, *inter alios*, Neptune Finco (succeeded to by CSC Holdings), as issuer, the guarantors party thereto and the trustee party thereto, governing the 2015 Cablevision Senior Guaranteed Notes.

2015 Cablevision Senior Notes

The $1,800 million aggregate principal amount of 10⅛% Senior Notes due 2023 and the $2,000 million aggregate principal amount of 10⅞% Senior Notes due 2025, issued by Neptune Finco (succeeded to by CSC Holdings) pursuant to the 2015 Cablevision Senior Notes Indenture.

2015 Cablevision Senior Notes Indenture

The indenture dated as of October 9, 2015, as amended, among, *inter alios*, Neptune Finco (succeeded to by CSC Holdings), as issuer and the trustee party thereto, governing the 2015 Cablevision Senior Notes.

2015 Cequel Credit Facility Agreement — The credit facility agreement dated as of June 12, 2015 among, *inter alios,* Altice US Finance I, certain lenders party thereto and JPMorgan Chase Bank, N.A. as administrative agent and security agent.

2015 Cequel Revolving Credit Facility — The $350 million revolving credit facility available pursuant to the 2015 Cequel Credit Facility Agreement.

2015 Cequel Senior Notes — The $620 million aggregate principal amount of 7¾% Senior Notes due 2025 issued by Altice US Finance II (succeeded to by Cequel Communications Holdings I, LLC and Cequel Capital Corporation) pursuant to the 2015 Cequel Senior Notes Indenture.

2015 Cequel Senior Notes Indenture — The indenture dated as of June 12, 2015, as amended, among, *inter alios*, Altice US Finance II (succeeded to by Cequel Communications Holdings I, LLC and Cequel Capital Corporation), as issuer and the trustee party thereto, governing the 2015 Cequel Senior Notes.

2015 Cequel Senior Secured Notes — The $1,100 million aggregate principal amount of 5⅜% Senior Secured Notes due 2023 issued by Altice US Finance I pursuant to the 2015 Cequel Senior Secured Notes Indenture.

2015 Cequel Senior Secured Notes Indenture — The indenture dated as of June 12, 2015, as amended, among, *inter alios*, Altice US Finance I, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2015 Cequel Senior Secured Notes.

2015 Senior Notes — The $385 million aggregate principal amount of 7⅝% Senior Notes due 2025 issued by Altice Finco pursuant to the 2015 Senior Notes Indenture.

2015 Senior Notes Indenture — The indenture dated February 4, 2015, among, *inter alios*, Altice Finco, as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2015 Senior Notes.

2015 Senior Secured Notes — Collectively, the $2,060 million aggregate principal amount of 6⅝% Senior Secured Notes due 2023 and the €500 million aggregate principal amount of 5¼% Senior Secured Notes due 2023 issued by Altice Financing pursuant to the 2015 Senior Secured Notes Indenture.

2015 Senior Secured Notes Indenture — The indenture dated February 4, 2015, among, *inter alios*, Altice Financing, as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2015 Senior Secured Notes.

2015 Vendor Notes — The $500 million aggregate principal amount of 8% Senior Secured Notes due 2020 issued by Altice US Holding I S.C.A. (succeeded to by CVC 1) pursuant to the 2015 Vendor Notes Indenture.

2015 Vendor Notes Indenture — The indenture dated December 21, 2015, among, *inter alios*, Altice US Holding I S.C.A. (succeeded to by CVC 1), as issuer, and the trustee and security agent party thereto, governing the 2015 Vendor Notes.

2016 Cablevision Senior Guaranteed Notes — The $1,310 million aggregate principal amount of 5½% Senior Guaranteed Notes due 2027 issued by CSC Holdings pursuant to the 2016 Cablevision Senior Guaranteed Notes Indenture.

2016 Cablevision Senior Guaranteed Notes Indenture — The indenture dated as of September 23, 2016, as amended, among, *inter alios*, CSC Holding, as issuer, the guarantors party thereto and the trustee party thereto, governing the 2016 Cablevision Senior Guaranteed Notes.

2016 Cequel Senior Secured Notes — The $1,500 million aggregate principal amount of 5½% Senior Secured Notes due 2026 issued by Altice US Finance I pursuant to the 2016 Cequel Senior Secured Notes Indenture.

2016 Cequel Senior Secured Notes Indenture — The indenture dated as of April 26, 2016, as amended, among, *inter alios*, Altice US Finance I, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2016 Cequel Senior Secured Notes.

2016 Senior Secured Notes — The $2,750 million aggregate principal amount of 7½% Senior Secured Notes due 2026 issued by Altice Financing pursuant to the 2016 Senior Secured Notes Indenture.

2016 Senior Secured Notes Indenture — The indenture dated May 3, 2016, among, *inter alios*, Altice Financing, as issuer, the guarantors party thereto and the trustee and security agent party thereto, governing the 2016 Senior Secured Notes.

2016 SFR Senior Secured Notes — The $5,190 million aggregate principal amount of $7^{3}/_{8}$% Senior Secured Notes due 2026 issued by SFR Group under the 2016 SFR Senior Secured Notes Indenture.

2016 SFR Senior Secured Notes Indenture — The indenture dated as of April 11, 2016, as amended, among, *inter alios*, SFR Group, as issuer, the guarantors party thereto and the trustee and the security agent party thereto, governing the 2016 SFR Senior Secured Notes.

Adjusted EBITDA — Operating income before interests, taxes, depreciation and amortization, non-recurring items and other adjustments (equity-based compensation expenses).

Altice Connects — The community and philanthropic program of Altice USA.

Altice Content Luxembourg — Altice Content Luxembourg S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.

Altice Corporate Financing — Altice Corporate Financing S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg.

Altice Financing — Altice Financing S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.

Altice Finco — Altice Finco S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.

Altice Hispaniola — Altice Hispaniola S.A, formerly named Orange Dominicana S.A., a public limited company (*sociedade anónima*) incorporated under the laws of the Dominican Republic.

Altice International	Altice International S.à r.l., a private limited liability company (*société à responsabilité limitée*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Labs	The Group's state-of-the-art research and development centers that aim to centralize and streamline innovative technological solutions development for the entire Group.
Altice Luxembourg	Altice Luxembourg S.A., a public limited liability company *(société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg.
Altice Media Group	Altice Media Group France S.A.S., a private limited liability company *(société par actions simplifiée*) incorporated under the laws of France, which was renamed SFR Presse S.A.S. in October 2016.
Altice S.A.	Altice S.A., a public limited liability company (*société anonyme*) which was formerly incorporated under the laws of the Grand Duchy of Luxembourg and which was succeeded to by the Company pursuant to the Merger.
Altice USA	Altice USA, Inc. (formerly known as Neptune Holding US Corporation), a corporation incorporated under the laws of Delaware, which is the US parent company of Cablevision and Suddenlink, or, where the context so requires, collectively, Altice USA, Inc., Cablevision, Suddenlink and their respective subsidiaries.
Altice US Finance I	Altice US Finance I Corporation, a corporation incorporated under the laws of Delaware.
Altice US Finance II	Altice US Finance II Corporation, a corporation which was formerly incorporated under the laws of Delaware and which was succeeded to by Cequel Communications Holdings I, LLC pursuant to a merger on December 21, 2015.
AMF	The French stock market authority (*Autorité des marchés financiers*).
Annual Accounts	The annual accounts of the Company.
ANV Shareholders	Dexter Goei (through Inluam S.à r.l. and More ATC S.à r.l.), Dennis Okhuijsen, Jérémie Bonnin (through Hamaja S.à r.l.), Michel Combes, Patrice Giami, Jean-Michel Hegesippe (through OTR S.à r.l., OTR 2 S.à r.l. and JMH Gestion & Participations Limited), Jean-Luc Berrebi (through Lynor's S.à r.l.) and Nicolas Rotkoff (through Valemi Corp S.A.) collectively.
Articles of Association	The articles of association of the Company.
Audit Committee	The audit committee of the Board.
BCP	BC Partners Ltd.
Board	The board of the Company.
Board Member	Any member of the Board of the Company.
Board Profile	The profile of the Board's scope and composition taking into account the nature of the business, its activities, and the desired expertise, experience and independence of its members.

Board Rules	The rules regarding the Board's functioning and internal organization.
Cablevision or **Optimum**	Cablevision Systems Corporation, a corporation incorporated under the laws of Delaware.
Cablevision Revolving Credit Facility Agreement	The senior secured credit facility agreement originally dated October 9, 2015, as amended, restated, supplemented or otherwise modified from time to time, among, *inter alios*, Neptune Finco (succeeded to by CSC Holdings) as borrower, the lenders from time to time party thereto, and JPMorgan Chase Bank, N.A., as the administrative agent and security agent.
Cabovisão	Cabovisão-Televisão por Cabo, S.A., a public limited company (*sociedade anónima*) incorporated under the laws of Portugal.
CCP	The Group's Cash Compensation Plan.
CEO	The chief executive officer.
CFO	The chief financial officer.
Chairman	The chairman of the Board.
CHF	The lawful currency of Switzerland.
Class C Units	Units designated as Class C units in the US limited partnership which was set up for the purpose of the implementation of the US Carried Interest Plan.
Code	The Dutch corporate governance code as revised on December 10, 2008, which became effective per the financial year beginning on or after January 1, 2009.
Committee	The Corporate Governance Monitoring Committee.
Common Share	Each Common Share A and each Common Share B.
Common Share A	A common share A in the capital of the Company, with one voting right and with a nominal value of €0.01.
Common Share B	A common share B in the capital of the Company, with twenty-five voting rights and with a nominal value of €0.25.
Company	Altice N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands.
Consolidated Financial Statements	The consolidated financial statements of the Company as of and for the year ended December 31, 2016.
Content Distribution Division	Ma Chaîne Sport S.A.S., a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France, and Altice Entertainment News & Sport S.A., a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, which are in charge of (i) purchasing channels from premium providers, creating channels dedicated to sport and wellness, and broadcasting such channels, as well as of (ii) the SVOD service of the Group (SFR Play).

Controlled	With respect to a legal entity: (i) the ownership of legal and/or beneficial title to voting securities that represent more than 50% of the votes in the general meeting of such legal entity; and/or (ii) being empowered to appoint, suspend or dismiss or cause the appointment, suspension or dismissal of at least a majority of the members of the management board, supervisory board or any similar governing body of such legal entity, whether through the exercise of voting rights, by contract or otherwise; and/or (iii) the power to direct or cause the direction of the management and policies of such entity, whether through the exercise of voting rights, by contract or otherwise.
Controller	(i) Patrick Drahi individually or (if applicable) together with any of his children who indirectly hold Common Shares or (ii) Patrick Drahi's heirs jointly.
Conversion Notice	A written notice from a holder of Common Shares B requesting the Company to convert one or more of its Common Shares B into Common Shares A in the ratio of twenty-five (25) Common Shares A for one (1) Common Share B.
COO	The chief operating officer.
CSC Holdings	CSC Holdings, LLC.
CPPIB	CPPIB-Equity Investments Inc.
CVC 1	CVC 1 B.V., a private company with limited liability (*besloten vennootschap*) incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands.
CVC 2	CVC 2 B.V., a private company with limited liability (*besloten vennootschap*) incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands.
DCC	Dutch Civil Code.
Decree	Decree laying down additional requirements for annual reports (*Vaststellingsbesluit nadere voorschriften inhoud jaarverslag*).
Distributable Equity	The part of the Company's equity which exceeds the sum of (i) the paid-in and called-up share capital and (ii) the reserves which are required to be maintained by Dutch law or by the Articles of Association.
EGM 2016	The extraordinary general meeting of the Company that was held on September 6, 2016.
euro or **€**	The lawful currency of the European Economic and Monetary Union.
Euronext Amsterdam	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
Executive Board Member	An executive member of the Board.
Exercise Event	An event whereby the shareholding of any holder of Common Shares, other than Next (or the shareholding of any holder of Common Shares, other than Next, when aggregated with the shareholding(s) of any Shareholder(s) with whom such Shareholder is acting in concert) is at least equal to twenty percent (20%) of the aggregate nominal value of the Common Shares.

Exercise Price	The cash consideration of at least one quarter of the nominal value of each Warrant Share in euro, to be paid upon the subscription by Next for Warrant Shares
Existing Sponsors	BCP and CPPIB.
External Auditor	The auditor of the Company as referred to in Section 2:393 DCC.
French Overseas Territories	Guadeloupe, Martinique, French Guiana, La Réunion and Mayotte.
General Meeting	General meeting of Shareholders of the Company, being the corporate body, or where the context so requires, the physical meeting of Shareholders.
GNP	Groupe News Participations S.A.S., a private limited liability company (*société par actions simplifiée*) incorporated under the laws of France.
Group	The Company and its Group Companies.
Group Advisory Council	The group advisory council of the Company.
Group Companies	The Company's subsidiaries within the meaning of Section 2:24b DCC.
HOT	HOT Telecommunication Systems Ltd., a corporation incorporated under the laws of Israel.
HOT Mobile	HOT Mobile Ltd., a corporation incorporated under the laws of Israel.
IAS	International Accounting Standards.
IASB	International Accounting Standards Board.
IFRS	The International Financial Reporting Standards as adopted by the European Union.
Indentures	The 2012 Senior Notes Indenture, the 2013 Dollar Senior Notes Indenture, the 2013 Euro Senior Notes Indenture, the 2015 Senior Notes Indenture, the 2013 Senior Secured Notes Indenture, the 2015 Senior Secured Notes Indenture, the 2016 Senior Secured Notes Indenture, the 2014 Altice Luxembourg Senior Notes Indenture, the 2015 Altice Luxembourg Senior Notes Indenture, the 2014 SFR Senior Secured Notes Indenture due 2022, the 2014 SFR Senior Secured Notes Indenture due 2024, the 2016 SFR Senior Secured Notes Indenture, the 2012 Cequel Senior Notes Indenture, the 2013 Cequel Senior Notes Indenture, the 2014 Cequel Senior Notes Indenture, the 2015 Cequel Senior Notes Indenture, the 2015 Cequel Senior Secured Notes Indenture, the 2016 Cequel Senior Secured Notes Indenture, the 2015 Vendor Notes Indenture, the 2015 Cablevision Senior Notes Indenture, the 2015 Cablevision Senior Guaranteed Notes Indenture and the 2016 Cablevision Senior Guaranteed Notes Indenture.
Large Company	Dutch public limited liability companies, Dutch private limited liability companies and Dutch foundations that, on two successive balance sheet dates without subsequent interruption, meet at least two of the three criteria referred to in Section 2:397(1) DCC, which criteria are: (i) the value of the company's/foundation's assets according to its balance sheet together with explanatory notes, on the basis of the purchase price or manufacturing costs exceeds €20 million, (ii) its net turnover in the applicable year exceeds €40 million, and (iii) its average number of employees in the applicable year is 250 or more.

LTIP	The Company's long term incentive plan dated June 28, 2016, as amended on September 6, 2016.
Management Report	The management report of the Company, drawn up by the Board, as referred to in Section 2:391 DCC.
Merger	The cross-border merger between the Company (as the acquiring company) and Altice S.A. (as the disappearing company) which became effective on August 9, 2015.
Neptune Finco	Neptune Finco Corp., a corporation which was formerly incorporated under the laws of Delaware and which was succeeded to by CSC Holdings pursuant to a merger on June 21, 2016.
New Code	The Dutch Corporate Governance Code as designated on December 8, 2016.
Next	Next Alt S.à r.l., a limited liability company (*société à responsabilité limitée*) governed by Luxembourg law, having its official seat in Luxembourg, Grand Duchy of Luxembourg, and its registered office at 3, Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under number B 194.978.
NextRadioTV	NextRadioTV S.A., a public limited liability company (*société anonyme*) incorporated under the laws of France.
NGENA	Next Generation Enterprise Network Alliance.
Nominating Shareholder	Next, provided that Next (a) holds a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and (b) is Controlled by the Controller, or (ii) when Next does not hold a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and/or is no longer Controlled by the Controller, any other legal entity which (x) holds a direct interest of at least thirty percent (30%) of the aggregate nominal value of the issued and outstanding Common Shares and (y) is Controlled by the Controller.
Non-Executive Board Member	A non-executive member of the Board.
NPS	Net Promoter Score. An index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others. It is used as a proxy for gauging the customer's overall satisfaction with a company's product or service and the customer's loyalty to the brand.
Operation GigaSpeed	Suddenlink's Internet program aimed at improving Internet service which includes expenditures to upgrade data network headend equipment, the replacing of any remaining deployed DOCSIS 2.0 customer premises equipment with DOCSIS 3.0 equipment, and the completion of the Group's all-digital video conversion.
Outremer	Groupe Outremer Telecom S.A., a public limited liability company (*société anonyme*) incorporated under the laws of France.
PPE	Property, Plant and Equipment.
Preference Share A	A preference share A in the capital of the Company, with four voting rights and with a nominal value of €0.04.

Preference Share B	A preference share B in the capital of the Company, with one voting right and with a nominal value of €0.01.
President	The president of the Company.
PT Portugal	PT Portugal S.G.P.S., S.A., a public limited company (*sociedade anónima*) incorporated under the laws of Portugal.
Remuneration Committee	The remuneration committee of the Board.
Remuneration Policy	The remuneration policy adopted by a resolution of the General Meeting with effect from June 28, 2016.
Revolving Credit Facility Agreements	Each of the 2012 Altice Financing Revolving Credit Facility Agreement, the 2013 Altice Financing Revolving Credit Facility Agreement, the 2014 Altice Financing Revolving Credit Facility Agreement, the 2015 Altice Financing Revolving Credit Facility Agreement, the 2014 Altice Luxembourg Revolving Credit Facility Agreement, the 2014 SFR Revolving Credit Facility Agreement, the 2015 Cequel Credit Facility Agreement and the 2015 Cablevision Credit Facility Agreement.
SFR	Société Française du Radiotéléphone-SFR S.A., a public limited liability company (*société anonyme*) incorporated under the laws of France.
SFR Group	SFR Group S.A. (previously known as Numericable-SFR S.A.), a public limited liability company (*société anonyme*) incorporated under the laws of France.
SFR Group Business	SFR Group and its subsidiaries.
SFR Presse	SFR Presse S.A.S., a private limited liability company *(société par actions simplifiée*) incorporated under the laws of France, formerly known as Altice Media Group France S.A.S.
Share	A share in the capital of the Company; unless the contrary is apparent, this includes each Common Share A, Common Share B, Preference Share A and Preference Share B.
Shareholder	A holder of one or more Shares.
SOP	The Company's stock option plan dated August 9, 2015, as amended on January 11, 2016, March 14, 2016, June 28, 2016, September 6, 2016 and March 20, 2017.
SOP SA	The share option plan of Altice S.A.
SRR	SRR S.C.S., a limited partnership (*société en commandite simple*) incorporated under the laws of France and a subsidiary of SFR.
Suddenlink	Cequel Communications, LLC, a limited liability company incorporated under the laws of Delaware and a subsidiary of Cequel Corporation, doing business under the brand 'Suddenlink' in the United States.
Term Loans	The term loan facilities available under the 2014 SFR Credit Facility Agreement, the 2015 Altice Financing Credit Facility Agreement, the 2015 Cequel Credit Facility Agreement and the 2015 Cablevision Credit Facility Agreement.

The Netherlands	The part of the Kingdom of the Netherlands located in Europe.
Tricom	Tricom S.A., a public limited company (*sociedade anónima*) incorporated under the laws of the Dominican Republic, and Global Interlink.
US	United States of America.
US Carried Interest Plan	The long-term equity incentive plan implemented by the Group in the US for certain members of its management team.
U.S. dollar or **$**	The U.S. Dollar, the lawful currency in the US.
Vice-President	The vice-president of the Company.
Warrant	The warrant issued by the Company which, under specific circumstances, entitles Next to subscribe for Preference Shares A.
Warrant Shares	The Preference Shares A in the capital of the Company to be issued upon exercise of the Warrant.
Wft	The Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht)*.

APPENDIX 2: GLOSSARY

3G	The third generation of mobile communications standards, which is based on the UMTS universal standard. 3G is referred to in the industry as IMT-2000, capable of data speeds exceeding the 14.4 Kbps of GSM technology.
4G	The fourth generation of mobile communications standards, which is based on the LTE universal standard. 4G is referred to in the industry as IMT-Advanced with a nominal data rate of 100 Mbps/s while the client physically moves at high speeds relative to the station, and 1 Gbps/s while client and station are in relatively fixed positions. Expected to provide a comprehensive and secure all-IP based mobile broadband solution to laptop computer wireless modems, smartphones, and other mobile devices. Facilities such as ultra-broadband Internet access, IP telephony, gaming services, and streamed multimedia may be provided to users, which when fully implemented is expected to allow for higher data speeds than achievable with 3G and additional network features and capabilities.
ADSL	Asymmetrical DSL. ADSL is an Internet access technology that allows voice and high-speed data to be sent simultaneously over local copper telephone line.
ARPU	Average Revenue Per User. ARPU is an average monthly measure that the Group uses to evaluate how effectively the Group is realizing revenue from subscribers. ARPU is calculated by dividing the revenue for the service provided after certain deductions for non-customer related revenue (such as hosting fees paid by channels) for the respective period by the average number of customer relationships for that period and further by the number of months in the period. The average number of customer relationships is calculated as the number of customer relationships on the first day in the respective period plus the number of customer relationships on the last day of the respective period, divided by two. This definition may be different for other companies, including SFR.
bandwidth	The width of a communications channel. In other words, the difference between the highest and lowest frequencies available for network signals. Bandwidth also refers to the capacity to move information.
B2B	Business-to-business.
B2C	Business-to-consumers.
broadband	Any circuit that can transfer data significantly faster than a dial-up phone line. Within broadband circuits, distinction can be made between high-speed and very-high speed lines.
churn	The number of RGUs for a given service that have been disconnected (either at the customer's request or due to termination of the subscription by the Group) during the period divided by the average number of RGUs for such service during such period, excluding transfers between the Group's services (other than a transfer between its cable services and its mobile services).
DBS	Direct Broadcast Satellite.

DOCSIS Data over cable service interface specification, a technology that enables the addition of high-speed data transfer over an existing cable television system. Compared to DOCSIS 2.0, DOCSIS 3.0 has enhanced transmission bandwidth and support for Internet Protocol version 6. The DOCSIS 3.1 standard enables higher spectral efficiency support and is expected to work on existing HFC plant and be compatible with previous DOCSIS standards.

DSL Digital Subscriber Line. DSL is a technology that provides high-speed Internet access over traditional telephone lines.

DTH Direct-to-home television.

DTT Digital terrestrial television.

DVR Digital video recorder.

FSC Forest Stewardship Council. An international non-profit organization established in 1993 to promote responsible management of the world's forests.

FTTB Fiber-to-the-building network.

FTTH Fiber-to-the-home network.

Gbps Gigabit per second.

GPON Gigabit passive optical networks. A high-bandwidth optical fiber network using point-to-multipoint architecture.

GSM Global System for Mobile Communications. A standard to describe the protocols for second-generation (2G) digital cellular networks.

HD High definition.

HDTV High definition Television.

HFC Hybrid fiber coaxial.

IaaS Infrastructure as a Service. A form of cloud computing which provides virtualized computing resources over the Internet.

iDEN Integrated Digital Enhanced Network, a wireless technology developed by Motorola that combines the capabilities of a digital cellular telephone (mobile phone), two-way radio (RT), alphanumeric pager (pocket pager) and data/fax modem (fax) into a single network. iDEN is designed to give the user quick access to information without having to carry around several devices that provide only one of the above-listed services/communication methods each.

Internet A collection of interconnected networks spanning the entire world, including university, corporate, government and research networks. These networks all use the IP communications protocol.

IoT Internet of Things. A network of physical objects that feature an IP address for Internet connectivity, and the communication that occurs between such objects and other devices and systems.

IP Internet Protocol.

IPTV Internet Protocol television.

ISP Internet Service Provider.

IT Information technology, a general term referring to the use of various software and hardware components when used in a business.

LTE Long term evolution technology being a standard in mobile network technology.

M2M Machine-to-machine.

Mbps Megabits per second. Each megabit is one million bits.

MMS Multimedia message service.

multi-play The bundling of different telecommunications services (e.g., digital cable television, broadband Internet and fixed telephony services, by one provider).

MVNO Mobile virtual network operator. Refers to a company that provides mobile services but does not have its own licensed frequency allocation of radio spectrum, nor necessarily all of the infrastructure required to provide mobile telephony services.

network An interconnected collection of components which would, in a telecommunications network, consist of switches connected to each other and to customer equipment by real or virtual links. Transmission links may be based on fiber optic or metallic cable or point to point radio connections.

NVoD Near-VoD.

OTT Over-the-top. OTT refers to high speed broadcasting of video and audio content without the Internet access provider being involved in the control or distribution of the program (its role is limited to transporting IP packages), as opposed to the purchase of video or audio programs from an Internet access provider such as VoD or IPTV.

PacketCable™ A CableLabs-led initiative to develop interoperable interface specifications for delivering advanced, real-time multimedia services over two-way cable plant. PacketCable networks use IP technology to enable a wide range of multimedia services, such as IP telephony, multimedia conferencing, interactive gaming and general multimedia applications.

PEFC Program for the Endorsement of Forest Certification. An international, non-profit, non-governmental organization which promotes sustainable forest management through independent third party certification.

quad-play Triple-play with the addition of mobile service.

RGU Revenue Generating Unit. RGUs relate to sources of revenue, which may not always be the same as customer relationships. For example, one person may subscribe for two different services, thereby accounting for only one subscriber, but two RGUs. RGUs for pay television and broadband Internet infrastructure access are counted on a per source service basis and RGUs for fixed line telephony are counted on a per line basis. Mobile RGUs is equal to the net number of lines or SIM cards that have been activated on the Group's mobile network.

SIM card	Subscriber Identity Modules are smart cards that store data for GSM cellular telephone subscribers.
SMS	Short Message Service.
triple-play	Where a customer has subscribed to a combination of three products, digital cable television, broadband Internet and fixed telephony services.
UMTS	Universal Mobile Telecommunications Service, a 3G mobile networking standard commonly used to upgrade GSM networks to 3G standards.
VDSL or **VDSL2**	Very-high-speed DSL. A high-speed variant of ADSL. VDSL2 is the latest and most advanced technology for DSL broadband Internet wireless communications.
VoD	Video on demand. VoD is a service which provides subscribers with enhanced playback functionality and gives subscribers access to a broad array of on demand programming, including movies, live events, local drama, music videos, children programming and adult programming.
VoIP	Voice over Internet Protocol. VoIP is a telephone service via Internet, or via TCP/IP protocol, which can be accessed using a computer, a sound card, adequate software and a modem.
VPN	Virtual private network, a business service enabling users to obtain remote access to network functionality.
Wi-Fi	A wireless network technology.
xDSL	xDSL refers collectively to all types of DSL connections, including VDSL and ADSL.

FINANCIAL STATEMENTS

I. CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016

II. STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016

III. OTHER INFORMATION

3.1 Independent auditor's report on financial statements

3.2 Statutory provisions concerning appropriation of result

3.3 Appropriation of result for the year

3.4 Subsequent events

I. CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016

ALTICE N.V.

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Table of Contents

Consolidated Statement of Income 118

Consolidated Statement of Other Comprehensive Income 118

Consolidated Statement of Financial Position 119

Consolidated Statement of Changes in Equity 120

Consolidated Statement of Cash Flows 121

Notes to the Consolidated Financial Statements 122

1 About Altice
2 Significant accounting policies
3 Scope of consolidation
4 Segment reporting
5 Goodwill
6 Intangible assets
7 Property, plant and equipment
8 Investment in associates
9 Financial assets
10 Inventories
11 Trade and other receivables
12 Cash and cash equivalents and restricted cash
13 Shareholders' Equity
14 Earnings per share
15 Provisions
16 Employee benefits
17 Borrowings and other financial liabilities
18 Financial risk factors
19 Fair value of financial assets and liabilities
20 Obligations under leases
21 Trade and other payables
22 Other liabilities
23 Taxation
24 Other operating expenses
25 Equity based compensation
26 Depreciation, amortization and impairment losses
27 Net result on extinguishment of financial liability
28 Net finance costs
29 Average workforce
30 Related party transactions and balances
31 Contractual obligations and commercial commitments
32 Litigation
33 Going concern
34 Auditors' remuneration
35 Revised information
36 Events after the reporting period
37 List of entities included in the scope of consolidation

Consolidated Statement of Income For the year ended December 31, 2016 (€m)	Notes	Year ended December 31, 2016	Year ended December 31, 2015 (revised *)
Revenues	4	20,755.7	14,550.3
Purchasing and subcontracting costs	4	(6,534.7)	(4,653.6)
Other operating expenses	24	(3,932.9)	(3,233.7)
Staff costs and employee benefit expenses	4	(2,287.3)	(1,242.1)
Depreciation, amortization and impairment	26	(5,576.9)	(3,886.3)
Other expenses and income	4	(802.9)	(425.7)
Operating profit	4	**1,621.0**	**1,108.9**
Interest relative to gross financial debt	28	(3,251.3)	(1,876.6)
Other financial expenses	28	(357.1)	(262.0)
Finance income	28	184.7	280.1
Net (loss)/gain on extinguishment of financial liabilities	27	(338.6)	643.5
Finance costs, net	28	**(3,762.3)**	**(1,215.0)**
Net gain on disposal of businesses	2	104.6	27.5
Share of (loss)/profit of associates		(2.5)	8.1
Loss before income tax		**(2,039.2)**	**(70.5)**
Income tax credit/(expense)	23	177.7	(230.7)
Loss for the year		**(1,861.5)**	**(301.2)**
Attributable to equity holders of the parent		(1,557.6)	(400.7)
Attributable to non-controlling interests		(303.9)	99.5
Earnings per share (Basic)	14	(1.42)	(0.40)
Earnings per share (Diluted)	14	(1.36)	(0.38)

Consolidated Statement of Other Comprehensive Income For the year ended December 31, 2016 (€m)	Note	Year ended December 31, 2016	Year ended December 31, 2015 (revised *)
Loss for the year		**(1,861.5)**	**(301.2)**
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		181.0	11.4
Revaluation of available for sale financial assets, net of taxes		0.5	0.5
Loss on cash flow hedge, net of taxes	17	(498.0)	(127.3)
Actuarial losses, net of taxes		(40.6)	(0.1)
Total other comprehensive loss		**(357.1)**	**(115.5)**
Total comprehensive loss for the year		**(2,218.6)**	**(416.7)**
Attributable to equity holders of the parent		(1,906.4)	(523.3)
Attributable to non-controlling interests		(312.2)	106.6

(*) Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 financial year. For the details of the revision refer to note 35.

The accompanying notes from page 122 to 215 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position As at December 31, 2016 (€m)	**Notes**	**December 31, 2016**	**December 31,, 2015 (revised *)**
Non-current assets			
Goodwill	5	23,045.7	17,211.4
Intangible assets	6	29,412.1	16,530.9
Property, plant & equipment	7	16,256.8	12,193.6
Investment in associates	8	65.7	417.7
Financial assets	9	3,615.8	2,822.8
Deferred tax assets	23.2	113.6	38.3
Other non-current assets		182.4	97.7
Total non-current assets		**72,692.1**	**49,312.4**
Current assets			
Inventories	10	394.8	370.1
Trade and other receivables	11	4,600.5	3,857.5
Current tax assets		179.2	304.5
Financial assets	9	758.6	-
Cash and cash equivalents	12	1,109.1	2,527.0
Restricted cash	12	202.0	7,737.0
Total current assets		**7,244.2**	**14,796.1**
Assets classified as held for sale	*3.3.7*	476.0	122.1
Total assets		**80,412.3**	**64,230.6**
Issued capital	13.1	76.5	76.5
Additional paid in capital	13.3	738.0	2,379.5
Other reserves	13.4	(564.8)	(215.9)
Accumulated losses		(2,779.5)	(1,287.0)
Equity attributable to owners of the Company		**(2,529.8)**	**953.1**
Non-controlling interests	3.1	190.2	916.7
Total equity		**(2,339.6)**	**1,869.8**
Non-current liabilities			
Long term borrowings, financial liabilities and related hedging instruments	17	52,826.3	45,682.8
Other non-current financial liabilities and related hedging instruments	17	4,480.0	1,565.9
Provisions	15	1,876.2	1,733.4
Deferred tax liabilities	23.2	8,074.3	2,478.6
Other non-current liabilities	22	878.4	814.7
Total non-current liabilities		**68,135.2**	**52,275.4**
Current liabilities			
Short-term borrowings, financial liabilities	17	1,342.3	380.6
Other financial liabilities	17	3,491.9	1,488.5
Trade and other payables	21	7,713.4	6,423.6
Current tax liabilities		298.4	289.0
Provisions	15	658.8	378.1
Other current liabilities	22	1,022.7	1,041.0
Total current liabilities		**14,527.5**	**10,000.8**
Liabilities directly associated with assets classified as held for sale	*3.3.7*	89.2	84.6
Total liabilities		**82,751.9**	**62,360.8**
Total equity and liabilities		**80,412.3**	**64,230.6**

(*) Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 financial year. For the details of the revision refer to note 35.

The accompanying notes from page 122 to 215 form an integral part of these consolidated financial statements.

Consolidated Statement of Change in Equity For the year ended December 31, 2015	Number of shares			Share capital	Additional paid in capital	Accumulated losses	Currency translation reserve	Cash Flow hedge reserve	Available for sale	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	Ordinary Shares	*Class A*	*Class B*										
Equity at January 1, 2015 (revised *)	**247,950,186**	**-**	**-**	**2.5**	**2,971.1**	**(934.4)**	**(7.0)**	**(85.4)**	**1.9**	**(2.8)**	**1,945.9**	**3,278.2**	**5,224.1**
Loss for the period	-	-	-	-	-	(400.7)	-	-	-	-	**(400.7)**	99.5	**(301.2)**
Other comprehensive profit/(loss)	-		-	-	-	-	10.3	(132.2)	0.5	(1.2)	**(122.6)**	7.1	**(115.5)**
Comprehensive profit/(loss)	**-**	**-**	**-**	**-**	**-**	**(400.7)**	**10.3**	**(132.2)**	**0.5**	**(1.2)**	**(523.3)**	**106.6**	**(416.7)**
Share issue - Altice SA	375,289	-	-	-	-	-	-	-	-	-	**-**	-	**-**
Incorporation of Altice NV	-	4,500,000	-	-	-	-	-	-	-	-	**-**	-	**-**
Exchange of Altice SA shares for Altice NV shares	- 248,325,475	744,976,425	248,325,475	67.0	(67.0)	-	-	-	-	-	**-**	-	**-**
Conversion of class B shares to class A shares	-	21,770,900	(870,836)	-	-	-	-	-	-	-	**-**	-	**-**
Share issue - Altice NV	-	69,997,600	24,825,602	7.0	1,597.6	-	-	-	-	-	**1,604.6**	-	**1,604.6**
Share based payment	-	-	-	-	-	25.9	-	-	-	-	**25.9**	2.1	**28.0**
Transaction with non-controlling interests	-	-	-	-	(2,119.3)	-	-	-	-	-	**(2,119.3)**	(1,896.7)	**(4,016.0)**
Dividends	-	-	-	-	-	-	-	-	-	-	**-**	(555.5)	**(555.5)**
Other	-	-	-	-	(2.9)	22.2	-	-	-	-	**19.3**	(17.9)	**1.4**
Equity at December 31, 2015 (revised)	**-**	**841,244,925**	**272,280,241**	**76.5**	**2,379.5**	**(1,287.0)**	**3.3**	**(217.6)**	**2.4**	**(4.0)**	**953.1**	**916.7**	**1,869.8**

Consolidated Statement of Change in Equity For the Year ended December 31, 2016	Number of shares			Share capital	Additional paid in capital	Accumulated losses	Currency translation reserve	Cash Flow hedge reserve	Available for sale	Employee Benefits	Total equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	Ordinary Shares	*Class A*	*Class B*										
Equity at January 1, 2016 (revised *)	**-**	**841,244,925**	**272,280,241**	**76.5**	**2,379.5**	**(1,287.0)**	**3.3**	**(217.6)**	**2.4**	**(4.0)**	**953.1**	**916.7**	**1,869.8**
Loss for the period				**-**	-	(1,557.6)	-	-	-	-	**(1,557.6)**	(303.9)	**(1,861.5)**
Other comprehensive profit/(loss)				**-**	-	-	145.5	(454.2)	0.5	(40.6)	**(348.9)**	(8.3)	**(357.2)**
Comprehensive profit/(loss)				**-**	**-**	**(1,557.6)**	**145.5**	**(454.2)**	**0.5**	**(40.6)**	**(1,906.4)**	**(312.2)**	**(2,218.6)**
Conversion of class B shares to class A shares	-	131,118,125	(5,244,725)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends				**-**	0.3	-	**-**	**-**	**-**	**-**	**0.3**	(131.4)	**(131.1)**
Share based payment				**-**	-	65.1	**-**	**-**	**-**	**-**	**65.1**	20.0	**85.1**
Transaction with non-controlling interests[1]				**-**	(1,545.7)	**-**	**-**	**-**	**-**	**-**	**(1,545.7)**	(248.2)	**(1,793.9)**
Other[2]				**-**	(96.0)	**-**	**-**	**-**	**-**	**-**	**(96.0)**	(54.7)	**(150.8)**
Equity at December 31, 2016	**-**	**972,363,050**	**267,035,516**	**76.5**	**738.0**	**(2,779.5)**	**148.8**	**(671.8)**	**2.9**	**(44.6)**	**(2,529.7)**	**190.2**	**(2,339.5)**

1 Included within this caption is the SFR share exchange transaction (-€361.4 for the Group and -€285.0 million with non-controlling interests), refer to note 3 for further information.
2 The Other caption includes the impact of the common control acquisition of Altice Media Group by SFR (-€124.7 million for the Group and -€34.6 million with non-controlling interests).

(*) Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 financial year. For the details of the revision refer to note 35.

Following the corporate restructuring in 2015, Altice N.V. is the successor entity of Altice S.A..

The accompanying notes from page 122 to 215 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows **For the year ended December 31, 2016** **(€m)**	**Notes**	**Year ended** **December 31, 2016**	**Year ended** **December 31, 2015** **(revised *)**
Net loss, including non-controlling interests		**(1,861.5)**	**(301.2)**
Adjustments for:			
Depreciation, amortization and impairment	26	5,576.9	3,886.3
Share in income of associates		2.5	(8.1)
Gains on disposal of businesses		(104.6)	153.4
Loss/(gain) recognised on extinguishment of financial liabilities	27	338.6	(643.5)
Expenses related to share based payment	25	85.1	28.0
Other non-cash operating gains, net[1]		372.4	24.8
Finance costs recognized in the statement of income	28	3,423.6	1,858.5
Pension liability payments	16	(131.2)	(81.7)
Income tax expense recognized in the statement of income	23	(177.7)	230.7
Income tax paid		(144.2)	(317.8)
Changes in working capital		(376.9)	(181.3)
Net cash provided by operating activities		**7,003.1**	**4,648.3**
Payments to acquire tangible and intangible assets	4	(4,149.3)	(2,637.9)
Payments to acquire financial assets		(43.6)	(28.1)
Proceeds from disposal of tangible, intangible and financial assets		47.9	84.9
Proceeds from disposal of businesses		150.0	94.0
Use of restricted cash to acquire subsidiaries		7,558.8	-
Payments to acquire investments in associates	8	(359.8)	(309.3)
Payment to acquire subsidiaries, net		(8,195.2)	(2,594.2)
Net cash used in investing activities		**(4,991.1)**	**(5,390.6)**
Proceeds from issue of equity instruments		-	1,604.8
Proceeds from issuance of borrowings	17	19,327.2	20,698.4
Transaction with non-controlling interests		704.1	(1,865.7)
Payments to redeem debt instruments	17	(19,117.2)	(4,027.7)
Payments to redeem outstanding debt on acquisition[2]		(2,224.2)	(5,593.9)
Interest paid		(2,762.1)	(1,394.5)
Proceeds from restricted cash		-	(7,591.3)
Dividends paid		-	(555.5)
Other cash provided by financing activities[3]		614.9	438.0
Net cash used in financing activities		**(3,457.4)**	**1,712.6**
Classification of cash as held for sale	3.3.7	(2.2)	(0.2)
Effects of exchange rate changes on the balance of cash held in foreign		29.7	(6.8)
Net decrease in cash and cash equivalents		**(1,417.9)**	**963.2**
Cash and cash equivalents at beginning of period	12	2,527.0	1,563.7
Cash and cash equivalents at end of the period	12	**1,109.1**	**2,527.0**

1 Other non-cash operating gains and losses mainly include allowances and writebacks for provisions (including those for restructuring), and gains and losses recorded on the disposal of tangible and intangible assets.
2 Relates to the repayment of certain debts at Optimum in 2016 and PT Portugal in 2015
3 Cash provided by other financing activities includes cash received on vendor financing and securitisation for an aggregate amount of €580.5 million and cash received on collateralised debt obligations at Optimum for an amount of €34.4 million.

(*) Previously published information has been revised for the impact of the purchase price allocations of Group entities acquired during the 2015 financial year. For the details of the revision refer to note 35.

The accompanying notes from page 122 to 215 form an integral part of these consolidated financial statements.

1. About Altice

Altice N.V (the "Company", the "Group", or "Altice") is a public limited liability company ("*Naamloze Vennootschap*") incorporated in the Netherlands, headquartered at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

The Company was formed via a cross-border merger between Altice N.V., as the acquiring company and Altice S.A. as the company ceasing to exist. Altice S.A. was ultimately controlled by Patrick Drahi (via Next Alt S.à r.l "Next Alt") prior to the merger; Altice N.V. is also controlled by Patrick Drahi (via Next Alt) post-merger. As of December 31, 2016, Next Alt held 59.07% of the share capital and voting rights of Altice N.V.

Altice is a multinational cable, fiber, telecommunications, content and media group with presence in several regions – Western Europe (comprising France, Belgium, Luxembourg, Portugal and Switzerland), the United States, Israel, the French Overseas Territories and the Dominican Republic. Altice provides very high speed fixed based services (high quality pay television, fast broadband Internet and fixed line telephony) and in certain countries, mobile telephony services to residential and corporate customers. Altice is also active in the media industry with a portfolio of channels as well as acting as a provider of premium contents on nonlinear platforms. It also produces its own original content (Series, Movies etc.).

1.1. Basis of presentation of the consolidated financial statements

The consolidated financial statements of Altice N.V. as of December 31, 2016 and for the year then ended were approved by the Board of Directors and authorized for issue on March 30, 2017.

The consolidated financial statements as of December 31, 2016 and for the year then ended, are presented in millions of Euros, except as otherwise stated, and have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("IFRS") ("the consolidated financial statements").

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability (see note 20)

Where the accounting treatment of a specific transaction is not addressed by any accounting standard and interpretation, the Board of Directors applies its judgment to define and apply accounting policies that provide information consistent with the general IFRS concepts: faithful representation and relevance.

1.1.1. Comparative information

As a consequence of the cross-border merger described above, the comparative figures included in the consolidated financial statements as at and for the year-end December 31, 2016 reflect the combination of the historical assets, liabilities, revenues, expenses and cash flows of Altice S.A. up to the merger, plus those of Altice N.V. after the merger. The figures for 2016 are entirely related to Altice N.V.

In addition, the comparative information for the year ended December 31, 2015 has been revised to reflect the impact of the finalization of the purchase price allocation of PT Portugal and Suddenlink. Refer to note 35 for full details of these specific adjustments.

The impairment line is now included in the line "Depreciation, amortisation and impairment"; prior year amounts were reclassified to match the current year's presentation.

1.2. Significant accounting judgments and estimates

In the application of the Group's accounting policies, the Board of Directors of the Company is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These judgments and estimates relate principally to the provisions for legal claim, the post-employments benefits, revenue recognition, fair value of financial instruments, deferred taxes, impairment of goodwill, useful lives of intangible assets and property, plant and equipment and trade receivables and other receivables. These estimates and assumptions are described in the note 2.26 to the consolidated financial statements for the year ended December 31, 2016.

1.3. Application of new and revised International Financial Reporting Standards (IFRSs)

1.3.1. New and revised IFRSs that are mandatorily effective for the year ended December 31, 2016

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) and adopted in the European Union that are mandatorily effective for an accounting period that begins on or after January 1, 2016.

- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset.
- Amendments to IFRS 11 Accounting for Acquisitions in Joint Operations. The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations,
- Amendments to IAS 1 Disclosure initiative. The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice. The amendments clarify that materiality applies to the whole financial statements and that information which is not material need not be presented in the primary financial statements or disclosed in the notes.
- Annual improvements cycle 2012-2014 including amendments of IFRS 5 Non-current Asset Held for Sale and Discontinued Operation, IFRS 7 Financial Instruments Disclosures, IAS 19 Employee Benefits.

The application of these amendments had no impact on the amounts recognised in the Group's consolidated financial statements and had no impact on the disclosures in the Group's consolidated financial statements.

1.3.2. Standards issued but not yet effective for the year ended December 31, 2016

In its consolidated financial statements, the Group has not early adopted the following standards and interpretations, for which application is not mandatory for periods started from January 1, 2016.

1.3.2.1. IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 which establishes a single comprehensive 5-step model to account for revenue arising from contracts with customers. IFRS 15 will supersede all current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under IFRS 15, an entity recognises revenue when 'control' of the goods or services is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific situations. Furthermore, extensive disclosures are required by IFRS 15. In addition, in April 2016, the IASB issued Clarifications to IFRS 15 in response to feedback received by the IASB and FASB Joint Transition Resource group for Revenue recognition. The clarifications provide additional guidance on identifying performance obligations, principal versus agent consideration and licensing application guidance.

The standard (as amended in September 2015) is effective for annual periods beginning on or after January 1, 2018. The Group is required to retrospectively apply IFRS 15 to all contracts that are not complete on the date of initial application and have the option to either:

- restate each prior period and recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at the beginning of the earliest period presented; or
- retain prior period figures as reported under the previous standards and recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application. This approach will also require additional disclosures in the year of initial application to explain how the relevant financial statement line items would be affected by the application of IFRS 15 as compared to previous standards.

The effects are analyzed as part of a Group-wide project for implementing this new standard across all significant revenue streams in all significant geographies. The assessment phase is being performed and the implementation plan including the development of new IT tools is in progress. Based on the assessment phase so far, the Group anticipates that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the consolidated financial statements.

Mobile activities:

The most significant impact is expected in the mobile activities (B2C and B2B transactions) as some arrangements include multiple elements that are being bundled: a handset component sold at a discounted price and a communication service component. In application of IFRS 15, the Group has identified those items as separate performance obligations. Total revenue will be allocated to both elements based on their stand-alone selling price, leading to more revenue being allocated to the handset upfront. This will also impact the timing of revenue recognition as the handset is delivered up-front, even though total revenue will not change in most cases over the life of the contract. Other IFRS 15 topics impacting the accounts include:

- capitalization of commissions which will be broader than the current capitalization model, along with depreciation pattern which will require estimates relating to the contract duration in some instances (prepaid business for example),
- impact of early termination and early renewals as well as contract modifications.

In the B2B activities, the same will apply along with the effect of variable considerations such as bonus and sometimes, the identification of options for additional handsets at a discounted price.

Fixed activities

In most cases, the service and the equipment will not be considered as distinct performance obligations. Additional services will be examined separately.

- Other identified topics relate to connection fees, related costs and capitalization of commissions. Related estimates include the determination of capitalized assets depreciation period based on contract period and additional periods related to anticipated contract that the Group can specifically identify.

Wholesale activities:

- No major impact has been identified so far except for the effect of constraint on variable consideration.

Other activities

- The identification of IFRS topics related to of other revenue streams (content, media etc) is still in progress.

The Group has decided to adopt the standard based on the full retrospective approach. It is not yet practicable to provide a reasonable estimate of the quantitative effects until the project has been completed.

1.3.3. IFRS 16 Leases

IFRS 16 Leases issued on January 13, 2016 is the IASB's replacement of IAS 17 Leases. IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

IFRS 16 applies to annual reporting periods beginning on or after January 1, 2019. The Group has the option to:

- apply IFRS 16 with full retrospective effect; or
- recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

IFRS 16 will have a significant impact on Altice's Consolidated Statement of Financial Position due to the recognition of the right of use of the leased assets and corresponding lease liabilities. Also, an impact is expected on Altice's Consolidated Statement of Profit or Loss as operating lease fees will no longer be part of operating expenses but will become part of depreciation and interest expenses. An impact is also expected on the consolidated statement of cash flows given payment for the lease liabilities will be presented within financial activities.

The effects are analysed as part of a Group-wide project for implementing this new standard. It is not yet practicable to provide a reasonable estimate of the quantitative effects until the projects have been completed. IFRS 16 has not yet been endorsed by the European Union.

1.3.4. IFRS 9 Financial Instruments

IFRS 9 Financial Instruments issued on July 24, 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting.

With respect to the classification and measurement under IFRS 9, all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value.

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The standard is applicable for annual periods beginning on or after January 1, 2018.

The Board of Directors of the Company anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group performs a detailed review.

1.3.5. Amendments to IFRS 2: Classification and Measurement of Share-based payments

In June 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The standard is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Board of Directors of the Company anticipate that the application of IFRS 2 in the future may have a material impact on amounts reported in respect of the Group's consolidated financial statements.

1.3.6. Amendments to IAS 7 Disclosure Initiative

In January 2016, the IASB issued amendments to IAS 7 related to the cash flow statements. The amendments will require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including non-cash changes and changes arising from cash flows. These requirements become effective for reporting periods beginning on or after January 1, 2017. Earlier application is permitted. The application of the standard will result in additional disclosures related to the financing activities.

1.3.7. Interpretation 22—Foreign Currency Transactions and Advance Consideration

In December 2016, the IFRIC issued Interpretation 22—Foreign Currency Transactions and Advance Consideration. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The interpretation is applicable for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The application of these amendments may have a material impact on the amounts recognised in the Group's consolidated financial statements.

1.3.8. Recognition of Deferred Tax Assets for unrealized Losses (Amendments to IAS 12)

The amendment clarifies the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments are applicable for annual periods beginning on or after January 1, 2017. Earlier application is permitted. The application of these amendments may have a material impact on the amounts recognised in the Group's consolidated financial statements.

2. Significant accounting policies

The Group's principal accounting policies are described below.

2.1. Basis of consolidation

2.1.1. Subsidiaries

Entities are fully consolidated if the Group has all the following:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and other comprehensive income from the date the Company gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra group transactions, balances, income and expenses are eliminated in full on consolidation.

2.1.2. Joint ventures

In accordance with IFRS 11 Joint Arrangements, arrangements subject to joint control are classified as either a joint venture or a joint operation. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Investment in which the Group is a joint operator recognizes its shares in the assets, liabilities, revenues and expenses.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investment in which the Company is a joint venturer recognizes its interest in the joint venture in accordance with the equity method.

2.1.3. Associates

Investments, over which the Company exercises significant influence, but not control, are accounted for under the equity method. Such investees are referred to as "associates" throughout these consolidated financial statements.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. Associates are initially recognized at cost at acquisition date. The consolidated financial statements include the Group's share of income and expenses, from the date significant influence commences until the date that significant influence ceases.

The interest income and expenses recorded in the consolidated financial statements of the Group on loans with associates have not been eliminated in the consolidated statement of income and therefore are still recorded in the consolidated financial statements.

2.2. Foreign currencies

The presentation currency of the consolidated financial statements is euros. The functional currency, which is the currency that best reflects the economic environment in which the subsidiaries of the Group operate and conduct their transactions, is separately determined for subsidiaries and associates accounted for using the equity method, and is used to measure their financial position and operating results.

2.2.1. Monetary transactions

Transactions denominated in foreign currencies other than the functional currency of the subsidiary are translated at the exchange rate on the transaction date. At each balance sheet date, monetary assets and liabilities are translated at the closing rate and the resulting exchange differences are recognized in the consolidated statement of income.

2.2.2. Translation of financial statements denominated in foreign currencies

Assets and liabilities of foreign entities are translated into euros on the basis of the exchange rates at the end of the reporting period. The consolidated statements of income and cash flow are translated using the average exchange rates for the period. Foreign exchange differences resulting from such translations are either recorded in shareholders' equity under "Currency translation reserve" (for the Group share) or under "Non-controlling interests" (for the share of non-controlling interests) as deemed appropriate.

The exchange rate of the main currencies were as follows:

Foreign exchange rates used	Annual average rate		Rate at the reporting date	
(€)	2016	2015	Dec 31, 2016	Dec 31, 2015
Domincan Pesos (DOP)	0.01965	0.02001	0.02035	0.02017
Israeli Shekel (ILS)	0.23536	0.23190	0.24705	0.23540
United States Dollar (USD)	0.90342	0.90131	0.94868	0.91853
Swiss Franc (CHF)	0.91730	0.93642	0.93119	0.92294
Moroccan Dirham (MAD)	n/a	n/a	0.09422	n/a

2.3. Revenue recognition

Revenue from the Group's activities is mainly composed of television, broadband Internet, fixed and mobile telephony subscription, installations fees invoiced to residential and business clients and advertising revenues.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating intercompany sales within the group. Revenue is recognized as follows, in accordance with IAS 18 Revenue:

2.3.1. Revenues from the sale of equipment

Revenues from the sale of equipment includes the sale of mobile devices and ancillary equipment for those devices. The revenues from the sales are recognized where all of the significant risk and yields that are derived from the ownership of the equipment are transferred to the purchaser and the seller does not retain continuing managerial involvement. Generally, the time of the delivery is the time at which ownership is transferred.

2.3.2. Revenues on separable components of bundle packages

Revenues from telephone packages are recorded as a sale with multiple components. Revenues from sales of handsets (mobile phones and other) are recorded upon activation of the line, net of discounts granted to the customer via the point of sale and the costs of activation.

When elements of these transactions cannot be identified or analyzed separately from the main offer, they are considered as related elements and the associated revenues are recognized in full over the duration of the contract or the expected duration of the customer relationship.

2.3.3. Revenue from service

Revenues from subscriptions for basic cable services, digital television pay, Internet and telephony (fixed and mobile) are recognized in revenue on a straight-line basis over the subscription period; revenues from telephone calls are recognized in revenue when the service is rendered.

The Group sells certain telephone subscriptions based on plans under which the call minutes for a given month can be carried over to the next month if they are not used. The minutes carried over are recorded based on the proportion of total telephone subscription revenues they represent, when the minutes are used or when they expire.

Revenues relative to incoming and outgoing calls and off-plan calls are recorded when the service is provided. Revenues generated by vouchers sold to distributors and by prepaid mobile cards are recorded each time use is made by the end customer, as from when the vouchers and cards are activated. Any unused portion is recorded in deferred revenues at the end of the reporting period. Revenues are in any case recognized upon the expiry date of the cards, or when the use of the vouchers is statistically unlikely.

Sales of services to subscribers managed by the Group on behalf of content providers (principally special numbers and SMS+) are recorded on a gross basis, or net of repayments to the content providers in accordance with IAS 18, and in particular when the content providers are responsible for the content and determine the pricing applied to the subscriber.

The costs of access to the service or installation costs principally billed to operator and corporate clients in relation to DSL connection services, bandwidth services, and IP connectivity services, are recognized over the expected duration of the contractual relationship and the provision of the principal service.

Installation and set-up fees (including connection) for residential customers are accounted for as revenues when the service is rendered.

Revenues linked to switched services are recognized each time traffic is routed. Revenues from bandwidth, IP connectivity, high-speed local access and telecommunications services are recorded as and when the services are delivered to the customers.

2.3.4. Access to telecommunications infrastructures

The Group provides its operator clients with access to its telecommunications infrastructures by means of different types of contracts: rental, hosting contracts or concessions of Indefeasible Rights of Use (‘‘IRU’’). The IRU contracts grant the use of an asset (ducting, fiber optic or bandwidth) for a specified— period. The Group remains the owner of the asset. Proceeds generated by rental contracts, hosting contracts in Netcenters, and infrastructure IRUs are recognized over the duration of the corresponding contracts, except where these are defined as a finance lease, in which case the equipment is considered as having been sold on credit.

In the case of IRUs, and sometimes rentals or service agreements, the service is paid in advance in the first year. These prepayments, which are non-refundable, are recorded in prepaid income and amortized over the expected term of the related agreements.

2.3.5. Sales of infrastructure

The Group builds infrastructure on behalf of certain clients. Since the average duration of the construction work is less than one year, the revenues are taken into account when ownership is transferred. Revenues relative to sales of infrastructures are taken into account when ownership is transferred. A provision is recognized when any contracts are expected to prove onerous.

2.3.6. Advertising revenues

Advertising revenues are recognized when commercials are aired.

2.3.7. Income from credit arrangements

Revenues deriving from long-term credit arrangements (such as the sale of devices in installments) are recorded on the basis of the present value of the future cash flows (against long-term receivables) and are discounted in accordance with market interest rates. The difference between the original amount of the credit and the present value, as aforesaid, is spread over the length of the credit period and recorded as interest income over the length of the credit period.

2.3.8. Gross Versus Net Revenue Recognition

In the normal course of business, the Company is assessed on non-income related taxes by governmental authorities, including franchising authorities (generally under multi-year agreements), and collects such taxes from its customers. The Company's policy is that, in instances where the tax is being assessed directly on the

Company, amounts paid to the governmental authorities and amounts received from the customers are recorded on a gross basis. That is, amounts paid to the governmental authorities are recorded as technical and operating expenses and amounts received from the customer are recorded as revenues.

2.4. Finance costs, net

Finance costs, net primarily comprise:

- Interest charges and other expenses paid for financing operations recognized at amortized costs ;
- Changes in the fair value of interest rate derivative instruments;
- Ineffective portion of hedges that qualify for hedge accounting;
- Foreign exchange gains and losses on monetary transactions;
- Interest income relating to cash and cash equivalents;
- Gains/losses on extinguishment of financial liability;
- Investment securities and investment securities pledged as collateral (Comcast investment) are classified as trading securities and are stated at fair value with realized and unrealized holding gains and losses included in net financial result.

2.5. Taxation

Taxes on income in the income statement include current taxes and deferred taxes. The tax expenses or income in respect of current taxes or deferred taxes are recognized in profit or loss unless they relate to items that are recorded directly in equity, in these cases the tax effect is reflected under the relevant equity item.

2.5.1. Current tax

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

2.5.2. Deferred tax

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor income tax profit or loss.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy.

Taxable temporary differences arising from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

All deferred tax assets and liabilities are presented in the statement of financial position as non-current assets and non-current liabilities, respectively. Deferred taxes are offset if an enforceable legal right exists, which enables the offsetting of a current tax asset against a current tax liability and the deferred taxes relate to the same entity, which is chargeable to tax, and to the same tax authority.

2.6. Site dismantling and restoration

The Company has a contractual obligation to dismantle and restore the sites of its mobile and fixed network upon

expiry of a lease, if the lease is not renewed. In light of this obligation, site restoration costs are capitalized on the basis of:

- an average unit cost of restoring sites;
- assumptions concerning the lifespan of the dismantling asset; and
- a discount rate.

2.7. Goodwill and business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the Group, liabilities incurred by the Group from the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based payments at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial instruments, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7.1. Acquisition under common control

In the absence of specific guidance under IFRS for transactions between entities under common control, the Company considered and applied standards on business combination and transactions between entities under common control issued by the accounting standard-setting bodies in the United States (Accounting Standards Codification Topic 810-10-45-10 and Topic 810-10-55-1B Consolidation and SEC Regulation S-X Article 3A – Consolidated and Combined Financial Statements) and in the United Kingdom (FRS 6 Acquisitions and mergers) to prepare the consolidated financial statements.

Acquisition under common control uses the following methods and principles:

- Carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value on consolidation, although appropriate adjustments should be made to achieve uniformity of accounting policies in the combining entities;
- The results and cash flows of all the combining entities should be brought into the consolidated financial statements of the combined entity from the beginning of the financial year in which the combination occurred, adjusted so as to achieve uniformity of accounting policies;
- The difference, if any, between the nominal value of the shares issued plus the fair value of any other consideration given, and the nominal value of the shares received in exchange should be shown as a movement on Additional Paid in Capital in the consolidated financial statements;

Any existing balance on the share premium account of the new subsidiary undertaking should be brought in by being shown as a movement on Additional Paid in Capital. These movements should be shown in the reconciliation of movements in shareholders' equity.

2.8. Intangible assets

Intangible assets acquired separately are recorded at cost on initial recognition, with the addition of direct acquisition costs. Intangible assets acquired in a business combination are measured at fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and less any accumulated impairment losses. Intangible assets have either definite or indefinite useful lives.

Assets with definite useful lives are amortized over their useful lives and tested for signs that would indicate impairment in value. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least once a year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits that are expected to derive from the asset are treated as a change in an accounting estimate which is treated prospectively.

The useful lives of the intangible assets are as follows:	**Duration**
Software	3 years
Brands	5 to 15 years
Customer relations	4 to 17 years
Licences	over the period of licences
Indefeasible Right of use	3-30 years
Subscriber purchase costs	based on average duration of subscriptions

Customer relations established in connection with acquisitions that are finite lived are amortized in a manner that reflects the pattern in which the projected net cash inflows to the Company are expected to occur, such as the sum of the years' digits method, or when such pattern does not exist, using the straight-line basis over their respective

estimated useful lives.

Franchise rights are periodically reviewed to determine if each franchise has a finite life or an indefinite life in accordance with goodwill and other intangible asset financial accounting standards. Accordingly, the Company believes its franchises qualify for indefinite life treatment and are not amortized but instead are tested for impairment annually or more frequently as warranted by events or changes in circumstances. Costs incurred in negotiating and renewing broadband franchises are amortized on a straight-line basis over the life of the renewal period.

Other intangible assets with indefinite useful lives are tested for impairment annually as well as where there is an indication that it may be impaired by comparing their carrying amount with their recoverable amount.

Operating licenses for telephony services are recorded based on the fixed amount paid upon acquisition of the license.

Investments made in the context of concessions or public service contracts, and linked to the rollout of the telecommunications network, are recorded in intangible assets in accordance with interpretation IFRIC 12 Service Concession Arrangements. The ‘‘intangible asset’’ model stipulated by this interpretation applies when the concession holder receives a right to bill users of the public service and the concession holder is essentially paid by the user. These intangible assets are amortized over the shorter of the estimated useful life of the categories of assets in question and the duration of the concession.

Intangible assets also comprise rights of use or access rights obtained. Amortization is generally calculated on a straight-line basis over the shorter of the contractual term and 30 years.

Research costs are expensed as incurred. Development costs are capitalised as intangible assets when the following can be demonstrated:

- the technical feasibility of the project and the availability of the adequate resources for the completion of the intangible assets;
- the ability of the asset to generate future economic benefit;
- the ability to measure reliably the expenditures attributable to the asset; and
- the feasibility and intention of the Group to complete the intangible asset and use or sell it.

2.8.1. Content rights

Exclusive sports broadcasting rights are recognised in the consolidated statement of financial position from the point at which the legally enforceable licence period begins. Rights for which the licence period has not started are disclosed as contractual commitments in note 31. Payments made to acquire broadcasting rights in advance of the legal right to broadcast the programmes are classified as prepayments in the caption “other financial assets” in the statement of financial position. Broadcasting rights are initially recognised at cost and are amortised from the point at which they are available for use, on a straight line basis over the broadcasting period. The amortisation charge is recorded in the caption “depreciation and amortisation” in the consolidated statement of income. The costs of exclusive in-house content and external content are recognised as an intangible asset. The cost of the rights is recognized at the cost of production of the shows and is amortized on the basis of the actual screenings. The amortisation charge is recorded in the caption “depreciation and amortisation” in the income statement.

2.9. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.10. Property, plant and equipment

Property, plant and equipment are presented at cost with the addition of direct purchase costs less accumulated depreciation and accumulated losses on impairment and they do not include routine maintenance expenses. The cost includes spare parts and ancillary equipment that can only be used in connection with the plant and machinery.

Depreciation is calculated using the straight line method over the estimated useful lives of the assets.

The estimated useful lives of property, plant and equipment were:	**Duration**
Buildings	5 to 50 years
Cables and mobile network	5 to 40 years
Converters and modems	3 to 5 years
Computers and ancillary equipment	2 to 8 years
Office furniture and equipment	3 to 15 years

Leasehold contracts are depreciated according to the straight line method during the rental period.

Elements of a fixed asset item, having a cost that is significant in comparison to the overall cost of the item, are depreciated separately, using the components method. The depreciation is calculated in accordance with the straight line method at annual rates that are considered to be sufficient in order to depreciate the assets over the length of their estimated useful lives.

The useful life, depreciation method and residual value of an asset are reviewed at least annually and any changes are accounted for prospectively as a change in accounting estimate.

2.11. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.11.1. The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated in an accounting period so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

2.11.2. The Group as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs (see note 2.12 below). Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.12. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a deduction of the related asset in the consolidated statement of financial position and amortized over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. The benefit of a government loan at a below-market interest rate is measured at the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

2.14. Financial assets

The Company classifies financial assets in four categories: available-for-sale, loans and receivables, held-to-maturity and financial assets at fair value through profit and loss. They are classified as current assets and non-current assets according to IAS 1 "Presentation of financial statements".

Purchases and sales of all financial assets are recognized on a trade date basis.

2.14.1. Available-for-sale financial assets

Available-for-sale financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition, they are reported at their fair value. Gains and losses arising from changes in their fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period.

Available-for-sale financial assets consist mainly of shares in non-consolidated companies. Fair value corresponds to quote price for listed securities. For non-listed securities, and when a reliable estimate of fair value cannot be made using valuation techniques, the Company values financial assets at historical cost, less any impairment losses.

When there is objective evidence that available-for-sale assets are impaired, the cumulative impairment loss included in equity is reclassified from other comprehensive income to income. Objective evidence that an available-for-sale financial asset is impaired includes, among other things, a decrease in the estimated future cash flows arising from these assets, as a result of significant financial difficulty of the issuer, a material decrease in expected future profitability or a prolonged decrease in the fair value of the security. Impairment losses recognized in profit or loss for equity instruments classified as available-for-sale are never reversed through income statement.

2.14.2. Loans and receivables

Loans and receivables are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition. After initial recognition, they are measured at amortized cost using the effective interest rate method.

This category mainly includes trade receivables and other receivables as well as loan to associate and to non-consolidated entities.

If there is objective evidence that an impairment loss has occurred, the amount of this loss, measured as the difference between the financial assets' carrying value and its recoverable amount is recognized in the income statement. Impairment losses may be reversed if the recoverable amount of the asset subsequently increases in the future.

2.14.3. Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets with fixed or determinable payments and fixed maturity that the Company has both the intention and ability to hold to maturity. Financial assets that are designated as held-to-maturity are measured at amortized cost, in accordance with the effective interest rate method. They are reviewed for impairment on an individual basis if there is any indication that they may be impaired.

2.14.4. Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the group manages together and has a recent actual pattern of short term profit-taking;
- it is a derivative that is not designated and effective a s hedge instrument.

Financial assets at FVTPL are stated at fair value, with any gains and losses arising on remeasurement recognised in the caption "Other Financial expense" or "Other Financial income" in the income statements.

2.15. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Cost of inventories is determined using the weighted average cost method. The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

2.16. Cash and cash equivalents

Cash consists of cash in banks and deposits. Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

2.17. Restricted cash

Restricted cash can consist of balances dedicated to the repayment of the Company's liabilities to banking entities in accordance with the Company's credit agreement and therefore amounts that the Group cannot use at its

discretion. Restricted cash can also consist of cash held in escrow to finance certain acquisitions (in the period between the agreement to acquire and the actual closing of the acquisition and the transfer of shares and cash and other considerations). Restricted cash may also consist of guarantees provided by different Group companies to financial institutions related to financing or other activities. Restricted cash is not considered as a component of cash and cash equivalents since such balances are not held for the purposes of meeting short-term cash commitments.

2.18. Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently reassessed at their fair value.

The Company has entered into various forward and interest rate swaps (cross currency and fixed/floating) in order to mitigate risks associated with making investments in currencies other than the functional currency of the underlying component.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.19. Hedge accounting

The Group may designate certain hedging instruments, (which may include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk), as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the line ‘other financial expense’.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

2.20. Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.20.1. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the value of the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.21. Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortized cost:

2.21.1. Financial liabilities at amortized cost

These financial liabilities are measured at amortized cost calculated based on the effective interest rate method. The effective interest rate is the internal yield rate that exactly discounts future cash flows through the term of the financial liability. Fees, debt issuance and transaction costs are included in the calculation of the effective interest rate over the expected life of the instrument.

2.21.2. Financial liabilities measured at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities classified as held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on liabilities held for trading are recognized in profit or loss.

Derivatives, including bifurcated embedded derivatives, are classified as held for trading unless they are designated as effective hedging instruments. In the event of a financial instrument that contains one or more embedded derivatives, the entire combined instrument may be designated as a financial liability at fair value through profit or loss only upon initial recognition.

The Group assesses whether embedded derivatives are required to be bifurcated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

The fair value of financial instruments that are traded in an active market is determined by reference to quoted market prices at the close of business on the balance sheet date. For financial instruments for which there is no active market, fair value is determined by the use of valuation techniques. Such techniques include evaluation based on transactions that have been executed recently under market terms, reference to the current market value of another instrument, which is substantially the same, discounted cash flow analysis or other valuation models.

2.21.3. Liabilities related to put options granted to non-controlling interests

The Group granted put options to third parties with non-controlling interests in certain consolidated subsidiaries, with these options giving the holders the right to sell part or all of their investment in these subsidiaries. These financial liabilities do not bear interest.

At inception, in accordance with IAS 32, Financial instruments: presentation, when non-controlling interests hold put options enabling them to sell their investment in the Group, a financial liability is recognized for an amount corresponding to the present value of liability assumed and the counterpart of the liability arising from these obligations is:

- on the one hand, the reclassification as debt of the carrying amount of the corresponding non-controlling interests;
- on the other, a reduction in the equity - Group share: the difference between the present value of the strike price of the options granted and the carrying amount of non-controlling interests is presented as a reduction of other reserves attributable to equity holders of the parent. This item is adjusted at the end of

each reporting period to reflect changes in the strike price of the options and the carrying amount of non-controlling interests.

The Group, in the absence of specific IFRS guidance, has elected to recognize future increases (or decreases) of the fair value of put options in equity, as an increase to (or a deduction from) other reserves attributable to equity holders of the parent. The Group is closely monitoring the work of the IASB and the IFRIC, which could lead to a revision of the treatment of put options granted to non-controlling interests.

2.22. Provisions

A provision is recognized in the statement of financial position when the Group has a present obligation (legal or implicit) as the result of a past event and it is expected that the use of economic resources will be required in order to settle the obligation and it is possible to reliably estimate it. Where the impact is significant, the provision is measured by discounting the forecasted future cash flows, using a pre-tax interest rate that reflects the expectations of the market in respect of the time frame of the money and in certain cases, the risks that are specific to the liability.

The following types of provisions are recorded in the consolidated financial statements:

2.22.1. Claims

A provision regarding claims is recognized when the Group has a present legal commitment or an implicit commitment resulting from a past event; when it is more likely than not that the Group will be required to expand economic resources to clear the commitment, when it is possible to estimate it reliably and when the effect of time is significant, the provision is measured according to the present value.

2.22.2. Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2.22.3. Restructuring

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

2.23. Liabilities for employment benefits

2.23.1. Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Re-measurement.

The Group presents the service cost and the net interest expense in profit or loss in the line item "Staff cost and employee benefit expenses" and "Other financial expenses" respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

2.23.2. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

2.24. Share based payments

2.24.1. Share-based payment transactions of the Company

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 Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group 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 equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is re-measured, with any changes in fair value recognised in profit or loss for the year.

2.24.2. Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with IFRS 2 ("market-based measure") at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The excess of the market-based measure of the replacement awards over the market-based measure of the acquiree awards included in measuring the consideration transferred is recognised as remuneration cost for post-combination service.

However, when the acquiree awards expire as a consequence of a business combination and the Group replaces those awards when it does not have an obligation to do so, the replacement awards are measured at their market-based measure in accordance with IFRS 2. All of the market-based measure of the replacement awards is recognised as remuneration cost for post-combination service.

At the acquisition date, when the outstanding equity-settled share-based payment transactions held by the employees of an acquiree are not exchanged by the Group for its share-based payment transactions, the acquiree share-based payment transactions are measured at their market-based measure at the acquisition date. If the share-based payment transactions have vested by the acquisition date, they are included as part of the non-controlling interest in the acquiree. However, if the share-based payment transactions have not vested by the acquisition date, the market-based measure of the unvested share-based payment transactions is allocated to the non-controlling interest in the acquiree based on the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the share-based payment transaction. The balance is recognised as remuneration cost for post-combination service.

2.25. Non-current assets held for sale and discontinued operations

Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", assets and liabilities of affiliates that are held for sale are presented separately on the face of the statement of financial position. Depreciation of assets ceases from the date of classification in "Non-current assets held for sale". Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Group for which cash flows are independent. It represents a major line of business or geographical area of operations which has been disposed of or is currently being held for sale. If the Group reports discontinuing operations, net income from discontinued operations is presented separately on the face of the statement of income. Therefore, the notes to the consolidated financial statements related to the statement of income only refer to continuing operations.

2.26. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Board of Directors of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.26.1. Claims

In estimating the likelihood of outcome of claims filed against the Group and its investees, the Group companies rely on the opinion of internal and/or external counsel. These estimates are based on the counsel's best professional judgment, taking into account the stage of proceedings and historical precedents in respect of the different issues. Since the outcome of the claims will be determined via settlement or court's decision, the results could differ from these estimates.

2.26.2. Post-employment benefits

The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to uncertainty.

2.26.3. Revenue recognition

Judgement and estimates are made for i) the identification of the separable elements of a packaged offer and allocation on the basis of the relative fair values of each element; ii) the period of deferred revenues related to

costs to access the service on the basis of the type of product and the term of the contract; iii) presentation as net or gross revenues depending on whether the Group is act as agent or principle.

2.26.4. Fair value of financial instruments

Fair value is determined by reference to the market price at the end of the period, when the data is available. For financial instruments for which there is no active market such as interest rate swaps (which the Company currently may use to hedge its interest rate risk), call options and put options granted to non-controlling interests fair value is estimated based on models that rely on observable market data or by the use of various valuation techniques, such as discounted future cash flows.

2.26.5. Deferred tax assets

Deferred tax assets relate primarily to tax loss carried forwards and to deductible temporary differences between reported amounts and the tax bases of assets and liabilities. The assets relating to the tax loss carried forwards are recognized if it is probable that the Group will generate future taxable profits against which these tax losses can be set off. Evaluation of the Group's capacity to utilize tax loss carried forward relies on significant judgment. The Group analyses past events, and the positive and negative elements of certain economic factors that may affect its business in the foreseeable future to determine the probability of its future utilization of these tax loss carried forward.

2.26.6. Intangible assets and Property, plant and equipment

Estimates of useful lives are based in particular on the effective obsolescence of fixed assets and the use made of these assets.

2.26.7. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Board of Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

2.26.8. Trade receivables and other receivables

Allowance for trade receivables are recorded based on experience of recoverability of the customers and/or based on a specific analysis of the recoverability of the customers.

3. Scope of consolidation

A full list of subsidiaries is included in note 37.

3.1. Details of wholly-owned subsidiaries that have material non-controlling interests

Non-controlling interests		**Financial interest held by non-controlling interests**		**Result allocated to non-controlling interests**		**Accumulated non-controlling interests**	
Name of subsidiary	**Place of incorporation**	**December 31,**		**December 31,**		**December 31,**	
		2016	**2015**	**2016**	**2015**	**2016**	**2015**
SFR Group S.A.	France	16.00%	21.90%	(56.1)	150.4	511.3	944.6
Deficom Telecom[1]	Luxembourg	26.02%	26.00%	(8.1)	(3.1)	(26.3)	(18.4)
CVC 2 B.V.[2]	Netherlands	30.37%	30.20%	(234.2)	(47.0)	(346.3)	(72.2)
Altice Technical Services S.A.	Luxembourg	49.00%	0.00%	4.0	-	49.8	-
Altice Content Luxembourg S.à r.l.	Luxembourg	0.00%	24.00%	-	0.2	-	49.7
Others	Various			(9.4)	(1.0)	1.6	13.0
Total				**(303.9)**	**99.5**	**190.2**	**916.7**

1 Deficom Telecom is the holding company through which the Group's investments in the Belgium and Luxembourg operations are held.

2 CVC 2 B.V is the holding company through which the Group's investments in the operations in the US are held.

3.2. Variations in non-controlling interests

Variations in non-controlling interests (€m)	December 31, 2016	December 31, 2015 (revised)*
Balance at beginning of the year	**916.7**	**3,278.2**
Share of (loss)/profit for the year	(303.9)	99.5
Other comprehensive income	(8.3)	7.1
Transactions with non-controlling interests in SFR Group S.A.	(375.7)	(2,492.2)
Transactions with non-controlling interests in CVC 2 B.V.	(75.3)	(25.7)
Transactions with non-controlling interests in Altice Content Luxembourg S.A.	-	50.0
Transactions with non-controlling interests in Altice Technical Services S.A.	45.1	-
Other variations	(8.4)	(0.2)
Balance at end of the year	**190.2**	**916.7**

The variations in non-controlling interests was mainly due to:

- SFR Group S.A. (in these financial statements all references to "SFR Group" refer to SFR Group S.A. or SFR Group S.A. and its subsidiaries): In October and December 2016, the Company entered into private, off market transactions with certain non-controlling shareholders of SFR Group, as per the terms of which, the Company exchanged its own common shares A for common shares in SFR Group. The total value of the transaction was €645.3 million, and a decrease of €285.0 million was allocated to the non-controlling interest in SFR Group.
- CVC 2 B.V.: transactions with non-controlling interests in the US mainly consist of a decrease of €131.4 million related to dividend payments made by Suddenlink and €39.1 million related to an investment by certain executives in Neptune Holding Corporation.
- Altice Technical Services: In November 25, 2016, the Group completed the acquisition of a controlling stake (51%) in Altice Technical Services S.A. (see note below for more information).

Summarised financial information for each of the Group's subsidiaries with material non-controlling interests is provided below. The summary information is before intra-group eliminations.

3.2.1. SFR Group

For the year ended December 31, 2016	€m
Non-current assets	26,986.0
Current assets	4,121.0
Net equity	3,572.0
Non-current liabilities	19,568.0
Current liabilities	7,968.0
Revenue	10,991.0
Net income	(218.0)
Comprehensive income	(502.0)
Net cash flows from operating activities	3,378.0
Net cash flows from investing activities	(3,247.0)
Net cash flows from financing activities	40.0

3.2.2. CVC 2 B.V.

For the year ended December 31, 2016	€m
Non-current assets	32,725.1
Current assets	1,641.5
Net equity	3,773.6
Non-current liabilities	27,150.4
Current liabilities	3,442.6
Revenue	5,436.1
Net income	(511.9)
Comprehensive income	(516.2)
Net cash flows from operating activities	1,073.6
Net cash flows from investing activities	(551.6)
Net cash flows from financing activities	(367.4)

3.3. Modification in the scope of consolidation

3.3.1. Acquisition of Cablevision

In September 2015, the Group and Cablevision Systems Corporation ("CVC", "Optimum") entered into a definitive agreement to acquire Cablevision. A combination between CVC and Suddenlink represents the fourth largest cable operation in the United States (US) market.

As per the terms of the agreement, Altice had agreed to deliver $34.90 per share of CVC in cash, thus giving it an enterprise value of $17.7 billion. The Company issued new shares in October 2015 to finance the acquisition. The remaining equity portion was drawn under the Altice corporate facility. The debt was issued in October 2015 and the facility was committed at the same time.

On June 21, 2016, the Company, via certain indirect subsidiaries, successfully completed the acquisition. The non-controlling interests who had previously invested in Suddenlink also re-invested along with the Company to retain a 30.0% stake in the combined Suddenlink and Cablevision group.

The transaction was closed on June 21, 2016 and the acquisition was recorded in the consolidated financial statements of the Company in accordance with IFRS 3, *Business Combinations*. A preliminary purchase price allocation was performed and recorded in the consolidated statement of financial position as of December 31, 2016 (refer to note 5.2.1). For the year ended December 31, 2016, Cablevision contributed €3,111.4 million to revenues, €38.6 million to operating profit and €459.3 million to net loss.

3.3.2. Consolidation of NextRadioTV

On July 27, 2015, Alain Weill, the Chairman, CEO, Founder and main shareholder of NextRadioTV and Patrick Drahi, the then Chairman and Founder of Altice S.A. (the predecessor entity of the Company) announced the signing of a strategic partnership of their groups to invest in and to accelerate the development of multimedia projects in both France and other international markets.

The Company, through its indirect subsidiary, Altice Content Luxembourg, is a co-investor in Groupe News Participation S.A.S. ('GNP'), of which it owned 49% of the economic and voting rights as of December 31, 2015. Mr. Alain Weill owned the remaining 51% through his holding, News Participations ('NP'). On December 17, 2015, GNP notified the *Autorité des marchés financiers* (the "AMF") of its intention to file a public tender for the outstanding shares of NextRadioTV. The public tender offer was successfully closed on February 1, 2016, with 95.47% of the holders of common shares opting to accept the offer price (GNP needed to acquire at least 95% to complete the tender offer and squeeze out the remaining shareholders). The stock was delisted from Euronext Paris on February 8, 2016.

As of December 31, 2015, the Company had determined that it exercised a significant influence over GNP by virtue of the economic rights and governance rights that it has obtained as a result of its investment and thus had accounted for the investment as an associate. Following the successful closing of the public tender offer on February 1, 2016, and the appointment of Mr. Weill to the executive committee of Altice, the Group determined that its investment in GNP met the criteria for consolidation as per IFRS 10.

GNP contributed €238.2 million to revenues, €9.2 million to operating loss and €29.8 million to the net loss of the Group for the year ended December 31, 2016.

3.3.3. Acquisition of Altice Media Group France ("AMG") by SFR Group

On April 27, 2016, SFR Group announced that it had entered into exclusive negotiations to acquire AMG, a leading diversified and profitable media group in France, which publishes more than 20 major national titles, including iconic and well-known brands such as Libération, L'Express, L'Expansion, L'Etudiant and Stratégies. AMG operates an international news channel - i24 News - and has positioned itself as the second largest operator in the French digital press sector. In addition, AMG France is a leading event organizer: its "Salon de l'Etudiant" trade fair, in particular, has attracted 2 million visitors annually for more than 30 years.

This transaction represented a unique opportunity to develop SFR Group into a true cross-media content publisher, capitalizing on a highly diversified portfolio of premium brands. The acquisition supports the Group's business strategy by accelerating the deployment of the global convergence of telecoms, media/content and

advertising. The acquisition of AMG was successfully completed on May 25, 2016, using a combination of cash and vendor financing of €100.0 million provided by the sellers of AMG.

AMG contributed €134.1 million to revenues, €4.3 million to operating loss and €29.0 million to the net loss of the Group for the year ended December 31, 2016.

3.3.4. Disposal of Cabovisao and ONI

On January 20, 2016, the Group announced that it had completed the sale of Cabovisão and its subsidiaries (including Winreason, which provided B2B services under the 'ONI' brand name) to Apax France. This disposal was mandated by the European Commission and the Portuguese competition authorities following the acquisition of PT Portugal in June 2015. These entities were classified as held for sale by the Group as of December 31, 2015. Total consideration received for the disposal amounted to €137.7 million (including purchase price adjustments), of which €63.9 million was for the shares of Cabovisao and its subsidiaries. The Group recognised a gain on disposal of €104.6 million in the consolidated statement of income for the year ended December 31, 2016.

3.3.5. Acquisition of Intelcia (Altice Customer Services or ACS)

On December 22, 2016, the Group completed the acquisition of a controlling stake in its supplier Intelcia Group S.A., a French language-focussed player in the customer relations management outsourcing industry. As per the terms of the deal, the Group acquired 88.87% of the share capital of Intelcia; the remaining 11.13% was acquired by the Group on January 30, 2017. Certain managers in Intelcia subsequently reinvested part of their proceeds to acquire a 35% stake in the parent company of Intelcia. The Group believes that the acquisition of a controlling stake in the company will enable the operating subsidiaries of the Group to provide their customers with fully integrated services, will enhance their expertise and will ensure further quality of service improvements.

3.3.6. Acquisition of Parilis S.A (Altice Technical Services, or ATS)

On November 25, 2016, the Group completed the acquisition of a 51% stake in its supplier Parilis S.A., an all-round technical services company offering among others network deployment, upgrade and maintenance. The Group believes that the acquisition of a controlling stake in the company will enable the operating subsidiaries of the Group to provide their customers with fully integrated services, will enhance their expertise and will ensure further quality of service improvements.

3.3.7. Disposal of Coditel

On December 22, 2016, the Company and its indirect subsidiary Coditel Holding S.A. entered into an agreement to sell the Group's Belgian and Luxembourg (Belux) telecommunication businesses, which are operated by Coditel Brabant SPRL and Coditel S.à r.l, to Telenet Group BVBA, a direct subsidiary of Telenet Group Holding N.V. The transaction, which is subject to the clearance of the Belgian competition authorities, valued the Group's Belgian and Luxembourg telecommunication businesses at an enterprise value of €400 million.

As a result, Coditel is classified as a disposal group held for sale, in accordance with IFRS 5 – *Non-current assets held for sale*. The Belux business, part of the "Others" segment, was classified under two separate lines in the statement of financial position which are "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale". The Board of Directors has not identified any material indicator of impairment as of December 31, 2016.

A summary of the Coditel disposal group classified as held for sale is as follows:

Disposal groups held for sale (€m)	**December 31, 2016**
Goodwill	295.5
Tangible and intangible assets	99.9
Other assets	21.2
Total assets held for sale	**416.7**
Other non-current liabilities	(5.5)
Current trade payables	(13.9)
Other current liabilities	(23.5)
Total liabilities related to asset held for sale	**(42.9)**

In addition to the Coditel business being held for sale, SFR Group entered negotiations for a new partnership with NewsCo and l'Etudiant. In the context of the proposed project, Marc Laufer would become the owner of NewsCo and l'Etudiant. SFR Group would remain a co-shareholder, with a 25% stake. As a result of the negotiations, SFR Group's assets (€59.3 million) and liabilities (€46.2 million) related to this disposal group were classified as held for sale as at December 31, 2016.

3.4. Change in the ownership interest of the Group's subsidiaries

In October and December 2016, the Company acquired an aggregate number of 27,760,805 SFR Group shares in private off-market transactions (representing 6.3% of the capital and 3.8% of voting rights of SFR Group). In consideration for these acquisitions, the Company delivered an aggregate number of 43,948,488 common shares A, which it held previously as treasury shares. As of December 31, 2016, the Group held directly and indirectly 84.0% of the capital and 90.3% of the voting rights of SFR Group.

3.5. Acquisitions of businesses

The major classes of assets and liabilities acquired at acquisition date in the Group's acquisitions were:

Acquisitions of businesses (€m)	**Optimum**	**Groupe News Participation**	**Altice Technical Services**	**Altice Customer Services**	**Total**
Consideration transferred	**8,025.4**	**0.3**	**158.1**	**27.7**	**8,211.5**
Allocation to minority interests	-	(60.1)	45.0	-	(15.1)
ASSETS					
Intangible assets	13,109.6	201.8	0.1	4.4	13,315.8
Property, plant and equipment	4,215.2	10.9	5.4	11.8	4,243.4
Non-current financial assets	657.6	1.8	-	-	659.4
Investments in associates	-	-	-	0.1	0.1
Other non-current assets	23.7	-	0.5	-	24.2
Inventories	-	-	31.0	-	31.0
Trade receivables and others	348.9	111.4	119.1	66.2	645.6
Tax receivables	6.3	-	5.6	-	11.9
Cash and cash equivalents	137.8	18.6	79.8	10.0	246.1
Other current assets	633.6	-	3.5	-	637.2
Total assets	**19,132.7**	**369.4**	**245.2**	**92.5**	**19,839.8**
EQUITY AND LIABILITIES					
Non-current liabilities	14,078.1	760.7	18.6	35.0	14,892.5
Current liabilities	2,108.4	125.0	163.7	59.0	2,456.1
Total liabilities	**16,186.5**	**885.8**	**182.3**	**94.0**	**17,348.6**
Net assets	2,946.2	(516.4)	62.9	(1.5)	2,491.2
Residual goodwill	**5,079.2**	**456.6**	**140.2**	**29.1**	**5,720.3**

The profit or loss of entities acquired during the year ended December 31, 2016, from the period up to acquisition date (the date from which the entities results were included in these consolidated financial statements) was:

Profit or loss before acquisition by the Group (€m)	**Optimum**	**Altice Techncial Services**	**Altice Customer Services**	**Total**
Revenues	**2,811.4**	**498.3**	**113.8**	**3,423.5**
Purchases and subcontracting services	(975.1)	(285.7)	(26.9)	(1,287.7)
Other operating expenses	(383.9)	(35.9)	(3.0)	(422.8)
Staff costs and employee benefits	(615.4)	(77.2)	(62.7)	(755.3)
Depreciation and amortization	(373.3)	(1.4)	(4.8)	(379.5)
Other expenses and income	(20.3)	3.1	-	(17.2)
Operating profit	**443.3**	**101.3**	**16.3**	**560.9**
Profit for the period	**152.6**	**88.1**	**12.4**	**253.1**

Had the acquisitions above all been completed on January 1, 2016, on a pro-forma basis, the Group would have earned total revenues of €23,690.1 million (unaudited) for the year ended December 31, 2016, including intercompany eliminations of €488.3 million.

4. Segment reporting

4.1. Definition of segments

Given the geographical spread of the Group entities, analysis by geographical areas is inalienable to the Group strategy of managing its different businesses. It has thus been decided by the executive board members to analyse the business across geographies and then by activity. Other activities such as content, data-centers and holding company operations are classified as others. Such presentation is consistent with the reporting used internally by the executive board members of the Group to track operational and financial performance.

The following geographies have been identified:
- France,
- United States ("US"),
- Portugal,
- Israel,
- Dominican Republic, and
- Others

Additional information on the revenue split is presented as follows:
- Fixed in the business to consumer market (B2C),
- Fixed in the business to business market (B2B),
- Wholesale market,
- Mobile in the business to consumer market (B2C),
- Mobile in the business to business market (B2B), and
- Other.

Altice operates high-speed cable, fiber or DSL based fixed line networks in all its operating segments. Consistent with its strategy to invest in convergent networks, the Group also operates 4G/LTE and 3G networks in France, Portugal, Israel and Dominican Republic, as well as in its businesses in the French Overseas Territories, which are included in the Other segment. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Further details on the Group's segments is provided below.
- **France:** The Group controls SFR Group, the second largest telecom operator in France, which provides services to residential (B2C) and business clients (B2B) as well as wholesale customers, providing mobile and high speed internet services predominantly using the SFR brand.
- **United States**: The Group expanded into the US market with the acquisitions of Suddenlink (December 2015) and Optimum (June 2016). These companies provide fixed services to B2C, B2B and wholesale clients in United States. Suddenlink operates a DOCSIS 3.1 compliant network in several states in the Southwestern United States, whereas Cablevision has a dominant position in the very attractive New York, New Jersey and Connecticut markets. Different brands are used by the Group in the US: Suddenlink and Optimum (B2C) and Lightpath (B2B).
- **Portugal:** Altice owns PT Portugal, it is the largest telecom operator in Portugal and caters to fixed and mobile B2C, B2B and wholesale clients using the Meo brand.
- **Israel:** Fixed and mobile services are provided using the HOT and HOT Mobile brands to B2C, B2B clients. HOT also produces award winning exclusive content that it distributes using its fixed network.
- **Dominican Republic**: Fixed and mobile services are provided to B2C, B2B and wholesale clients using the Tricom (cable network) and Orange (under licence) brands.
- **Other**: This segment includes the operations in the French Overseas Territories, Belgium and Luxembourg and Switzerland, as well as the Content, Technical Service and Customer Service business, and all corporate entities. The Board of Directors believes that these operations are not substantial enough to require a separate reporting segment, and so are reported under "Other".

Intersegment revenues represented 1.9% of total revenues for the years ended December 31, 2016, an increase compared to 0.5% of total revenues for the year ended December 31, 2015 (€378.1 million vs. €70.0 million). Intersegment revenues mainly relate to services rendered by certain centralised group functions (relating to content production, customer service) to the operational segments of the Group, and are eliminated in the consolidated financial statements.

4.2. Segment information

4.2.1. Operating profit per geographical segment

Year ended December 31, 2016 (€m)	France[1]	United States[2]	Portugal	Israel	Dominican Republic	Others[3]	Total
Revenue before intercompany eliminations	**10,990.5**	**5,436.1**	**2,311.5**	**955.5**	**717.5**	**722.7**	**21,133.9**
Intercompany eliminations	(44.6)	-	(35.5)	(0.4)	(5.3)	(292.3)	(378.1)
Revenues	**10,945.9**	**5,436.1**	**2,276.0**	**955.0**	**712.2**	**430.5**	**20,755.7**
Purchasing and subcontracting costs	(3,843.8)	(1,714.7)	(507.4)	(235.9)	(144.7)	(88.1)	(6,534.7)
Other operating expenses	(2,245.0)	(745.8)	(407.7)	(220.8)	(164.7)	(149.0)	(3,932.9)
Staff costs and employee benefit expenses	(945.0)	(827.9)	(281.5)	(67.2)	(30.0)	(135.7)	(2,287.3)
Total	**3,912.1**	**2,147.7**	**1,079.5**	**431.1**	**372.9**	**57.6**	**8,000.8**
Stock options and other adjustments in EBITDA	4.0	62.3	-	-	-	18.7	85.1
Adjusted EBITDA	**3,916.1**	**2,209.9**	**1,079.5**	**431.1**	**372.9**	**76.4**	**8,085.8**
Depreciation and amortisation	(2,565.1)	(1,539.8)	(770.5)	(331.2)	(165.1)	(205.3)	(5,576.9)
Stock options and other adjustments in EBITDA	(4.0)	(62.3)	-	-	-	(18.7)	(85.1)
Other expenses and income	(540.8)	(235.4)	(95.8)	(22.8)	(22.6)	114.6	(802.9)
Operating profit	**806.2**	**372.4**	**213.1**	**77.2**	**185.2**	**(33.1)**	**1,621.0**

Year ended December 31, 2015 (€m)	France[1]	United States[2]	Portugal	Israel	Dominican Republic	Others[3]	Total
Revenue before intercompany eliminations	**11,039.0**	**65.7**	**1,496.1**	**923.3**	**694.8**	**401.4**	**14,620.3**
Intercompany eliminations	(21.1)	-	(3.9)	-	-	(45.0)	(70.0)
Revenues	**11,017.9**	**65.7**	**1,492.3**	**923.3**	**694.8**	**356.4**	**14,550.3**
Purchasing and subcontracting costs	(3,862.0)	(19.7)	(324.8)	(221.8)	(141.3)	(84.0)	(4,653.6)
Other operating expenses	(2,447.0)	(9.9)	(327.6)	(197.2)	(166.0)	(85.9)	(3,233.7)
Staff costs and employee benefit expenses	(877.0)	(5.2)	(201.2)	(73.7)	(27.1)	(58.0)	(1,242.1)
Total	**3,831.9**	**30.9**	**638.7**	**430.5**	**360.4**	**128.5**	**5,420.9**
Stock options and other adjustments in EBITDA	55.1	-	-	-	-	18.1	73.3
Adjusted EBITDA	**3,887.1**	**30.9**	**638.7**	**430.5**	**360.4**	**146.6**	**5,494.2**
Depreciation and amortisation	(2,643.4)	(21.4)	(574.7)	(326.1)	(176.3)	(144.3)	(3,886.3)
Stock options and other adjustments in EBITDA	(55.1)	-	-	-	-	(18.1)	(73.3)
Other expenses and income	(340.6)	-	(52.6)	(19.6)	(8.1)	(4.8)	(425.7)
Operating profit	**847.9**	**9.4**	**11.4**	**84.8**	**176.0**	**(20.6)**	**1,108.9**

1) The France segment includes the results of SRR, a direct subsidiary of SFR S.A., which operates in the French Overseas Territories of La Reunion and Mayotte. Management has decided to leave SRR in the France segment given it reports separately from the rest of the FOT business (reported in Others) as it is fully integrated in the France business, operationally and in terms of reporting.
2) The US segment combines the results of the two businesses recently acquired in the US; Cequel Corporation (Suddenlink) and Cablevision Systems Corporation (Optimum).
3) Includes the results of GNP from February 8, 2016 to the date of sale to SFR Group. Following the sale, in May 2016, the results are presented under the France segment. GNP contributed €71.6 million to revenues and €13.3 million to adjusted EBITDA for the year ended December 31, 2016.

4.2.2. Other expenses and income

Other expenses and income pertain mainly to provisions for ongoing and announced restructuring, transaction costs and other non-cash expenses (gains and losses on disposal of assets, provisions for litigation, etc.). Details for costs incurred during the years ended December 31, 2016 and 2015 are given below:

Details of other expenses and income (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Stock option expenses	85.1	28.0
Other adjustments[1]	-	45.3
Stock option and other expenses outside EBITDA	**85.1**	**73.3**
Restructuring costs[2]	428.9	116.7
Deal fees[3]	35.9	66.7
Penalties[4]	95.0	-
Provisions for litigation[5]	128.2	30.7
Other expenses/(income) net[6]	58.9	27.8
Loss on disposals of assets	56.0	183.8
Other expenses and income	**802.9**	**425.7**
Total adjustments	**888.0**	**499.0**

1) Contract renegotiation costs that were classified as other adjustments in 2015 and are now included in EBITDA.

2) Restructuring costs mainly include costs related to provisions for employee redundancies and contract termination fees :
   a. €180.4 million in France, including €135.0 million related to new restructuring plans in France, see the note below.
   b. €204.9 million in the US related to severance payments made to Optimum executives following the acquisition in June 2016, and includes provision for further announced redundancies.
   c. €31.9 million at PT Portugal related to the curtailment of outsourced services and an insourcing plan.
3) Deal fees includes the discretionary fees paid to legal counsel, M&A counsel and any other consultants whose services the Group has employed in order to facilitate various acquisitions performed during the year; they do not include any financing costs, as these are capitalized and amortized as per the requirements of IAS 39 – *Financial Instruments: Recognition and Measurement*.
4) Penalties mainly comprised €80 million relating to a fine levied by the French competition authority on suspicions of operational collaboration between the Numericable and SFR groups ("Gun Jumping") prior to the formal approval of the acquisition and a €15 million penalty imposed by the French anti-trust authority on price increases in the FOT region.
5) Provisions for litigation are detailed in note 32.
6) The other expenses mainly related to allowances and reversals for other provisions (non-cash) and other cash expenses, including €10 million of payments related to the resolution of tax disputes in the Dominican Republic.

4.2.2.1. Restructuring plans in France

On August 4, 2016, Management and some representative unions of the SFR Group telecom division signed an agreement to allow the Group to adapt more quickly to the demands of the telecom market by building a more competitive and efficient organization. This agreement reaffirms the commitments, made at the time of the acquisition of the SFR Group, to maintain jobs until July 1, 2017 and defines the internal assistance guarantees as well as the conditions for voluntary departures implemented as of the second half of 2016. This agreement stipulates three steps:

- The reorganization of retail stores, presented to the staff representatives on September 2016, resulted in a voluntary departure plan as of the 4th quarter of 2016 and is accompanied by a change in channel distribution and the closing of stores;
- The preparation of a new voluntary departure plan to be launched in July 2017, preceded by the possibility for employees who would like to benefit from this plan to request suspension of their employment contract in the 4th quarter of 2016 in order to pursue their professional plans outside the company; and
- A period between July 2017 and September 2019 during which employees could also benefit from a voluntary departure plan under conditions to be defined.

In any case, the Group has made a commitment that the SFR Group telecom division will have no less than 10,000 employees during the period from 2017 to 2018.

During 2016, €135 million was recognized for restructuring of retail stores as provisions. No provision was recognized for measures provided in steps 2 and 3 described above, as IAS 19 and IAS 37 criteria were not met as of December 31, 2016. The GPEC Group Agreement was signed on February 1, 2017 by the majority of the representative unions of the SFR Group telecom division. It specifies the external mobility scheme offered to the employees for the period before June 30, 2017.

4.2.2.2. Restructuring plans in the US

In the fourth quarter of 2016, Optimum and Suddenlink initiated a voluntary retirement plan, under the conditions of which, certain employees from the corporate, administrative and infrastructure departments were eligible to participate and terminate their employment contracts. Once an employee has applied to leave under the plan, Optimum and Suddenlink's management have the right to reject the offer, and thus the Group has determined that the plan qualifies as a termination benefit under IAS 19R, 'employee benefits'. An expense of €194.9 million has been recorded as of December 31, 2016 to account for the impact of the plan.

4.2.2.3. Restructuring in PT Portugal

Restructuring costs in Portugal were mainly related to an employee redundancy plan implemented by Management during the year 2016 for a total of 250 employees and costs incurred related to an insourcing plan, whereby certain suppliers were replaced by internal talent identified by local management.

4.2.2.4. Penalties

Sanctions by the French Competition Authority against SFR Group and Altice Luxembourg

On April 19, 2016, the French Competition Authority (i) found non-performance of commitments related to the

sale of the mobile telecommunication activities of Outremer Telecom in Réunion and Mayotte under Decision 14-DCC-160 of October 30, 2014 concerning the exclusive takeover of SFR Group by the Altice group, and (ii) levied a financial sanction of €15 million jointly against Altice Luxembourg and SFR Group. SFR Group contested this decision before the Council of State. The penalty was paid by the Group in July 2016.

Sanction by the French Competition Authority for violation of the suspensive nature of the control of concentrations

On November 8, 2016, SFR Group and Altice were notified of the decision of the French Competition Authority sentencing them to a €80 million gun-jumping fine in connection with the 2014 acquisition of SFR and Virgin Mobile. The denounced practices, which aimed to make the new entity operational as soon as possible after obtaining clearance of the transaction, were performed in good faith, in the midst of legal uncertainty. SFR Group chose not to refute these practices and to accept the French Competition Authority's settlement offer, thus choosing to settle the matter in order to limit its financial exposure, given the level of penalties imposed for this type of procedural violation under the French Commercial Code. The payment of this fine, fully borne by SFR Group, was made in February 2017.

4.2.3. Revenue split by activities

Year ended December 31, 2016 (€m)	**France**	**US**	**Portugal**	**Israel**	**DR**	**Others**	**Total**
Fixed - B2C	2,839.9	4,376.5	684.4	642.5	109.6	136.2	8,789.1
Fixed - B2B	1,367.3	713.4	419.5	75.6	39.3	41.5	2,656.7
Wholesale	1,323.1	83.1	303.8	-	70.8	12.4	1,793.1
Mobile - B2C	4,513.8	-	584.9	185.5	425.3	83.0	5,792.6
Mobile - B2B	645.6	-	202.5	51.9	50.6	4.7	955.3
Other	300.7	263.1	116.4	-	21.9	445.0	1,147.2
Revenue before intercompany eliminations	**10,990.5**	**5,436.1**	**2,311.5**	**955.5**	**717.5**	**722.7**	**21,133.9**
Intercompany eliminations	(44.6)	-	(35.5)	(0.4)	(5.3)	(292.3)	(378.1)
Revenue	**10,945.9**	**5,436.1**	**2,276.0**	**955.0**	**712.2**	**430.5**	**20,755.7**

Year ended December 31, 2015 (€m)	**France**	**US**	**Portugal**	**Israel**	**DR**	**Others**	**Total**
Fixed - B2C	2,873.1	52.2	484.6	645.3	106.9	141.3	4,303.4
Fixed - B2B	1,402.7	8.8	299.9	72.9	37.8	28.8	1,851.0
Wholesale	1,328.1	1.6	170.5	-	62.7	10.6	1,573.4
Mobile - B2C	4,722.2	-	346.0	151.0	414.0	99.6	5,732.9
Mobile - B2B	712.9	-	122.5	54.0	50.7	4.8	944.9
Other	-	3.2	72.6	-	22.7	116.4	214.9
Revenue before intercompany eliminations	**11,039.0**	**65.7**	**1,496.1**	**923.3**	**694.8**	**401.4**	**14,620.3**
Intercompany eliminations	(21.1)	-	(3.9)	-	-	(45.0)	(70.0)
Revenue	**11,017.9**	**65.7**	**1,492.3**	**923.3**	**694.8**	**356.4**	**14,550.3**

4.2.4. Capital expenditure

Capital expenditure is a key performance indicator tracked by the Group. The schedule below details the capital expenditure by segment and reconciles it to the payments to acquire capital items (tangible and intangible assets) as presented in the statement of cash flows.

Capital expenditure (€m) December 31, 2016	**France**	**US**	**Portugal[3]**	**Israel[4]**	**DR**	**Others[1,2]**	**Total**
Capital expenditure (accrued)	2,307.4	631.3	438.8	312.8	122.3	583.7	4,396.3
Capital expenditure - working capital items	214.7	(129.9)	(56.1)	1.9	12.3	(289.9)	(247.0)
Payments to acquire tangible and intangible assets	**2,522.1**	**501.4**	**382.7**	**314.7**	**134.6**	**293.8**	**4,149.3**

Capital expenditure (€m) December 31, 2015	**France**	**US**	**Portugal**	**Israel**	**DR**	**Others**	**Total**
Capital expenditure (accrued)	2,369.7	23.5	208.6	284.9	124.1	93.3	3,104.1
Capital expenditure - working capital items	(451.1)	(2.9)	(24.7)	-	(10.2)	22.7	(466.2)
Payments to acquire tangible and intangible assets	**1,918.6**	**20.6**	**183.9**	**284.9**	**113.9**	**116.0**	**2,637.9**

1) Includes the capitalization of content rights for a total amount of €413.8 million during the year ended December 31, 2016; refer to the note below for further details.
2) Includes a one-off capital expenditure related to an IRU on the use of a datacenter at Green datacenter in the Swiss business, for a total amount of €29.6 million.
3) Includes €44.0m of capitalised exclusive content costs in Portugal for multi-year contracts.
4) Israel's accrued capex includes amounts related to jump in for network sharing agreement with Partner Telecom for a total amount of €61.7 million (NIS 250 million equivalent), of which €12.2 million (NIS 85 million equivalent) remained unpaid as of December 31, 2016.

4.2.4.1. Content rights

During the year, the Group, via entities included in the Altice International sub-group, secured exclusive content rights to broadcast certain sports (English Premier League Football, French Basketball League and English Rugby Premiership) in France and other territories; the rights are for periods of between three and six years. The content rights were capitalised in accordance IAS 38 - *Intangible Assets* and are amortised on a straight-line basis over their respective useful lives. Where appropriate, the nominal cash flows were discounted to their present value on initial recognition of the asset. The amortization recorded for the year ended December 31, 2016 was:

Content rights	Amortisation	Useful life	Amortisation period 2016
English Premier League Football	52.7	3 years	5 months
French Basketball League	17.4	4 years	3 months
English Rugby Premiership	0.8	6 years	4 months
Total	**70.9**		

4.3. Financial Key Performance Indicators ("KPIs")

The Board of Directors has defined certain financial KPIs that are tracked and reported by each operating segment every month to the senior executives of the Company. The Board of Directors believes that these indicators offer them the best view of the operational and financial efficiency of each segment and this follows best practices in the rest of the industry, thus providing investors and other analysts a suitable base to perform their analysis of the Group's results.

The financial KPIs tracked by the Board of Directors are:

- Revenues: by segment and in terms of activity
- Adjusted EBITDA: by segment
- Capital expenditure (capex): by segment.

Adjusted EBITDA and capex are non-GAAP measures. These measures are useful to readers of Altice Group's financials as it provides them with a measure of the operating results which excludes certain items that Altice's executive board members consider outside of its recurring operating activities or that are non-cash, making trends more easily observable and providing information regarding operating results and cash flow generation that allows investors to better identify trends in its financial performance. The non-GAAP measures are used by the Group internally to manage and assess the results of its operations, make decisions with respect to investments and allocation of resources, and assess the performance of management personnel. Such performance measures are also the de facto metrics used by investors and other members of the financial community to value other companies operating in the same businesses as the Group and thus enables a better comparison between the Group and its peers. Moreover, the debt covenants of the Group are based on the Adjusted EBITDA and other associated metrics.

Adjusted EBITDA is defined as operating income before depreciation and amortization, and non-recurring items (capital gain, non-recurring litigation, restructuring costs) and other adjustments (equity based compensation expenses). This may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of depreciation, amortization and impairment, excluded from this measure do ultimately affect the operating results, which is also presented within the consolidated financial statements in accordance with IAS 1 - *Presentation of Financial Statements*.

Capital expenditure is an important indicator to follow, as the profile varies greatly between the Group's activities:

- The fixed business has fixed capex requirements that are mainly discretionary (network, platforms, general), and variable capex requirements related to the connection of new customers and the purchase of Customer Premise Equipment (TV decoder, modem, etc).
- Mobile capex are mainly driven by investment in new mobile sites, upgrade to new mobile technology and licenses to operate. Once capex are engaged and operational, there are limited capex requirement.
- Other capex: Mainly relates to the acquisition of content rights

5. Goodwill

Goodwill recorded in the statement of financial position of the Group was allocated to the different groups of cash generating units ("GCGU") as defined by the Group.

Goodwill (€m)	January 1, 2016	Recognized on business combination	Changes in foreign currency translation	Held for sale	Disposals	December 31, 2016
France[1]	11,565.5	591.6	-	-	-	12,157.1
US	1,936.7	5,079.2	230.7	-	-	7,246.6
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	697.8	-	34.5	-	-	732.3
Dominican Republic	858.9	-	32.0	-	-	890.9
Others	594.9	169.2	-	(295.5)	-	468.6
Gross value	**17,360.0**	**5,840.0**	**297.3**	**(295.5)**	**-**	**23,201.7**
France	-	-	-	-	-	-
US	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Israel	(144.1)	-	(7.2)	-	-	(151.3)
Dominican Republic	-	-	-	-	-	-
Others	(4.6)	-	-	-	-	(4.6)
Cumulative impairment	**(148.7)**	**-**	**(7.2)**	**-**	**-**	**(155.9)**
France	11,565.5	591.6	-	-	-	12,157.1
US	1,936.7	5,079.2	230.7	-	-	7,246.6
Portugal	1,706.2	-	-	-	-	1,706.2
Israel	553.7	-	27.3	-	-	581.0
Dominican Republic	858.9	-	32.0	-	-	890.9
Others	590.3	169.2	-	(295.5)	-	463.9
Net book value	**17,211.3**	**5,840.0**	**290.1**	**(295.5)**	**-**	**23,045.7**

1 Goodwill in France includes existing goodwill acquired as a result of the integration of AMG. For more details, refer note 3.3.3.

Goodwill (€m)	January 1, 2015	Recognized on business combination	Changes in foreign currency translation	Held for sale	Disposals	December 31, 2015 (revised)*
France	11,565.5	-	-	-	-	11,565.5
US	-	1,940.6	(3.9)	-	-	1,936.7
Portugal	1.3	1,706.2	-	(1.3)	-	1,706.2
Israel	627.2	-	70.6	-	-	697.8
Dominican Republic	767.3	-	91.6	-	-	858.9
Others	594.9	-	-	-	-	594.9
Gross value	**13,556.1**	**3,646.8**	**158.3**	**(1.3)**	**-**	**17,360.0**
France	-	-	-	-	-	-
US	-	-	-	-	-	-
Portugal	-	-	-	-	-	-
Israel	(129.4)	-	(14.7)	-	-	(144.1)
Dominican Republic	-	-	-	-	-	-
Others	(4.6)	-	-	-	-	(4.6)
Cumulative impairment	**(134.0)**	**-**	**(14.7)**	**-**	**-**	**(148.7)**
France	11,565.5	-	-	-	-	11,565.5
US	-	1,940.6	(3.9)	-	-	1,936.7
Portugal	1.3	1,706.2	-	(1.3)	-	1,706.2
Israel	497.8	-	55.9	-	-	553.7
Dominican Republic	767.3	-	91.6	-	-	858.9
Others	590.3	-	-	-	-	590.3
Net book value	**13,422.1**	**3,646.7**	**143.7**	**(1.3)**	**-**	**17,211.3**

(*) For the revision impact refer note 35

5.1. Impairment of goodwill

The Group has chosen to organise its GCGUs based on the geographies that it operates in. For more details on the GCGUs, please refer to the note 4 "Segment Reporting".

Goodwill is reviewed at the level of each GCGU annually for impairment and whenever changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill is tested annually at the GCGU level for impairment as of December 31, 2016. The GCGU is at the country level where the subsidiaries operate. The

recoverable amounts of the GCGUs are determined based on their value in use except for the France GCGU, for which the fair value less cost of disposal is used. The Group determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs. The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate and the EBIT margin during the period. The impairment tests did not result in impairment for any periods presented in these consolidated financial statements.

The value in use of each GCGU (except for France) was determined by estimating cash flows for a period of five years for the operating activities. Cash flow forecasts are derived from the most recent business plans approved by the Board of Directors. Beyond the specifically forecasted period of five years, the Company extrapolates cash flows for the remaining years based on an estimated constant growth rate between 1-2%. This rate does not exceed the average long-term growth rate for the relevant markets. Discount rates have been computed using WACC approach and range from 4.9% to 11%. Assumptions for churn rates and operating income, or EBIT (and the EBIT margin) were based on historical experience and expectations of future changes in the market. Recurring capex is expected to be proportional to sales and thus is indexed to the growth in revenues.

In addition to using internal indicators to assess the carrying amount in use, the Board of Directors also relies on external factors which can influence the cash generating capacity of the CGUs or GCGUs and also indicate that certain factors beyond the control of the Board of Directors might influence the carrying amounts in use:

- Indicators of market slowdown in a country of operation
- Indicators of degradation in financial markets, that can impact the financing ability of the group

The impairment testing for France is based on the fair value less cost of disposal of the SFR Group (based on the observable share price), and therefore, the assumptions discussed below do not apply to the impairment testing for the France GCGU.

Key assumptions used in estimating value in use	**France**	**US**	**Portugal**	**Israel**	**Dominican Republic**	**Others**
At December 31, 2016						
Quoted share price (€)	26.83	n/a	n/a	n/a	n/a	n/a
Average perpetuity growth rate (%)	n/a	1.6%	1.0%	1.8%	2.0%	1.5%
5 year average EBIT margin (%)	n/a	33.6%	29.7%	13.3%	37.1%	14.6%
Post tax weighted average cost of capital 2015 (%)	n/a	5.60 - 6.30%	8.1%	10.0 - 11.0%	9.6%	4.9 - 6.7%
At December 31, 2015						
Quoted share price (€)	33.5	n/a	n/a	n/a	n/a	n/a
Average perpetuity growth rate (%)	n/a	-	-	1.50%	2.0%	2.0%
5 year average EBIT margin (%)	n/a	-	31.4%	17.2%	36.3%	25.0%
Post tax weighted average cost of capital (%)	n/a	9.0%	7.9%	10.0 - 11.0%	9.5%	5.6 - 7.8%

The Group has made use of various external indicators and internal reporting tools to estimate the revenue growth rates considered for the purpose of impairment testing for the year ended December 31, 2016.

- The growth rates are provided by individual subsidiary and the GCGU allocation is indicated.
- The Board of Directors estimated discount rates using post-tax rates that reflected current market rates for investments of similar risk. The discount rate for the GCGUs was estimated from the weighted average cost of capital ("WACC") of companies which operate a portfolio of assets similar to those of the Company's assets.
- Capex was indexed to the revenues, as the Board of Directors tracks the capex spend expressed in a % of sales as a key KPI. The Board of Directors believes that recurring capex should be related to the acquisition of new clients and hence is indexed to the growth in revenues.

5.1.1. Sensitivity analysis

In validating the value in use determined for the GCGU, key assumptions used in the discounted cash-flow model were subject to a sensitivity analysis so as to test the resilience of value in use. The sensitivity analysis of the GCGUs is presented below, given a changes to the material inputs to the respective valuations:

Sensitivity to changes in key inputs in the value in use calculation (€m)	**France**	**US**	**Portugal**	**Israel**	**Dominican Republic**	**Others**
0.5% increase in the discount rate	n/a	5,804.8	1,145.2	579.9	1,184.1	243.3
1.0% decrease in the perpetual growth rate	n/a	3,795.5	826.1	510.4	1,093.4	199.6
10% decrease in the SFR Group share price	3,349.0	n/a	n/a	n/a	n/a	n/a

The analysis did not result in other scenarios whereby a reasonable possible change in the aforementioned EBIT margin would result in a recoverable amount for the GCGU which is inferior to the carrying value, if applied to any other GCGU.

5.2. Business combinations

5.2.1. Altice Customer Services (ACS)

On December 22, 2016, the Group finalized the acquisition of 88.87% of the share capital of Intelcia, and certain managers in ACS subsequently reinvested part of their proceeds to acquire a 35% stake. Total consideration transferred to the vendors amounted to €27.7 million (excluding purchase price adjustments) on a cash free debt free basis.

	€m
Total consideration transferred	27.7
Fair value of identifiable assets, liabilities and contingent liabilities	(1.5)
Goodwill	29.1

The provisional value of assets transferred in consideration for the values mentioned above are detailed in note 3.4. The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of ACS. Due to the proximity of the date of acquisition to the balance sheet date, the Group is yet to assess the fair value of the identifiable assets and liabilities. The exercise will be completed within the measurement period as defined by IFRS 3.

5.2.2. Altice Technical Services (ATS)

On November 22, 2016, the Group finalized the 51% acquisition of Parilis SA. Total consideration transferred to the vendors amounted to €158.1 million (excluding purchase price adjustments) on a cash free debt free basis.

	€m
Total consideration transferred	158.1
Allocation to minority interests	45.0
Fair value of identifiable assets, liabilities and contingent liabilities	62.9
Goodwill	140.2

The provisional value of assets transferred in consideration for the values mentioned above are detailed in note 3.4. The values of the assets and liabilities assumed have been determined on a provisional basis as being equivalent to the book values in the accounting records of ATS. Due to the proximity of the date of acquisition to the balance sheet date, the Group is yet to assess the fair value of the identifiable assets and liabilities. The exercise will be completed within the measurement period as defined by IFRS 3.

5.2.3. *Optimum*

On June 21, 2016, the Company completed the acquisition of a controlling stake in Optimum, a leading cable operator in the New York area in the United States; the combination of Optimum and Suddenlink represents the fourth largest cable operator in the United States (see note 3). The consideration transferred amounted to €8,025.4 million on a cash free, debt free basis.

The Group has identified the following assets and liabilities, which were recorded at their fair value at the acquisition date. The preliminary fair value was determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition as follows:

- Customer relationships: determined for each operating segment, namely Fixed B2C and B2B and Wholesale customers. The fair value was evaluated using the excess earnings method and the useful life reflects the economic life of the asset for a total amount of €4,286.3 million.
- Brand: The Optimum and Lightpath brands were measured using the relief from royalty method using a useful life of 15 years and amounted to a total of €892.7 million.
- Franchise rights: are concessions awarded by local municipalities for Optimum to conduct its business in its areas of operation, these were measured at fair value of €7,185.1 million. The franchises were valued using greenfield method.
- Property, plant and equipment: preliminary evaluated at a fair value of €4,288.3 million.

Following the purchase price allocation, the preliminary allocation between the different classes of assets and liabilities is given above. The difference has been recorded as goodwill in the consolidated financial statements for the year ended December 31, 2016.

	€m
December 31, 2016	8,025.4
Fair value of identifiable assets, liabilities and contingent liabilities	2,946.2
Goodwill	5,079.2

The Group is continuously evaluating the fair value of acquired assets and liabilities and expects to complete the final purchase price allocation within the measurement period as defined by IFRS 3.

5.2.4. *Suddenlink*

During the year ended December 31, 2016, the Group finalised the valuation of certain assets and liabilities identified as part of the acquisition of Suddenlink based on its continuing evaluation of the fair value of the identifiable assets and liabilities. The updated fair values of identifiable assets and liabilities are presented below:

- Customer relationships: determined for each operating segment, namely Fixed B2C and B2B and Wholesale customers. The fair value was evaluated using the excess earnings method and the useful life reflects the economic life of the asset for a total amount of €989.8 million (compared to €981.9 million previously).
- Brand: the Suddenlink brand was measured using the relief from royalty method using a useful life of 15 years and amounted to a total updated to a fair value of €52.2 million (compared to €34.8 million previously).
- Franchise rights: are concessions awarded by local municipalities for Suddenlink to conduct its business in its areas of operation, they were revaluated to €4,516.9 million (compared to €4,585.6 million previously recorded). The franchises were valued using greenfield method.
- Property, plant and equipment: updated to a fair value of € 1,938.6 million (compared to €2,023.9 million previously recorded).

Following the purchase price allocation, the final allocation between the different classes of assets and liabilities is given below. The difference has been recorded as goodwill in the consolidated financial statements for the year ended December 31, 2016:

	€m
Total consideration transferred	2,019.1
Fair value of identifiable assets, liabilities and contingent liabilities	78.5
Goodwill	1,940.6

5.2.5. PT Portugal

During the year ended December 31, 2016, the Group finalized the purchase price allocation regarding the acquisition of PT Portugal. Total consideration transferred to the vendors amounted to €195.1 million (excluding purchase price adjustments) on a cash free debt free basis.

The Group identified the following assets and liabilities to which the purchase price has been allocated as described above. The fair value was determined by an independent external appraiser based on a business plan prepared as of the date of the acquisition:

- Customer relationships: determined for each operating segment of PT Portugal, namely B2C, B2B and Wholesale customers (for both the fixed and mobile businesses). They were evaluated using the excess earnings method and the useful life reflects the economic life of the asset. The total value of customer relationships was €1,211.0 million (previously €1,247.0 million).
- Brand: The Meo brand was preliminary measured at its fair value using the relief from royalty method, and a useful life of 15 years. The fair value amounted to €227.0 million (previously €160.0 million).
- Frequencies: represents the investments in spectrum in order to provide mobile services, the mobile licenses were revalued for an amount of €56.0 million (no change from €56.0 million at December 31, 2015).
- Property, Plant and Equipment: Property plant and equipment was re-measured at its fair value. The PPE was revalued for an amount of €177.0 million (was not yet revalued at December 31, 2015).

Following the purchase price allocation, the final allocation between the different classes of assets and liabilities is given below. The difference has been recorded as goodwill in the consolidated financial statements for the year ended December 31, 2016:

	€m
Total consideration transferred	195.1
Fair value of identifiable assets, liabilities and contingent liabilities	(1,511.1)
Goodwill	1,706.2

5.2.6. Groupe News Participations (NextRadioTV)

As discussed in note 3.2.2, following the public tender offer, GNP was consolidated fully in the Group financial statements. This transaction qualified as a step acquisition as per IFRS 3, *Business Combinations*, and goodwill was allocated to the France GCGU, following the internal transfer to SFR Group. The preliminary fair value was determined by an independent external appraiser based on a business plan prepared as of the date of acquisition as follows:

- Brands: Two families of brands were identified and valued using the relief from royalty method, being BFM and RMC, the fair value amounted to €43.3 million.
- Exclusive distribution agreements/broadcast licenses (for radio and TV), the fair value amounted to €107.6 million, which were valued using the excess earnings method.
- Exclusive content agreements and libraries, the fair value amounted to €22.6 million, valued using the net asset value method.

	€m
Total consideration transferred	0.3
Allocation to minority interests	(60.1)
Fair value of identifiable assets, liabilities and contingent liabilities	(516.4)
Goodwill	456.6

5.2.7. Other main variations in goodwill (France)

On May 25, 2016, AMG was transferred to the Group by Altice Media Group S.à r.l.. This is considered as a related party transaction, as Altice Media Group S.à r.l. shares the same controlling shareholder as the Group. The transaction allows the Group to pursue its strategy of convergence between communication and media. In the absence of specific guidance in IFRS concerning the accounting for common control transactions, and in line with similar transactions carried out by the Group in the past, no purchase price allocation was performed.

However, as part of the acquisition of AMG, the Group acquired existing goodwill recorded at AMG resulting from historic acquisitions made by AMG. The goodwill arose on acquisition of Libération, NewsCo and i24news and totals €129.0 million. AMG had identified and evaluated the brands at a fair value of €54.0 million (€35.0 million net of taxes).

6. Intangible assets

Intangible assets December 31, 2016 (€m)	January 1, 2016	Additions	Disposals	Business Combi-nations	Changes in foreign currency	Held for sale	Other	December 31, 2016
Software	1,905.0	416.9	(47.9)	222.6	30.5	(3.6)	231.2	2,754.7
Brand name	1,523.9	0.0	-	1,069.5	34.1	(34.6)	(43.3)	2,549.7
Customer relations	5,874.7	20.3	-	4,454.9	197.9	(36.4)	2.2	10,513.5
Licenses and franchises	7,162.5	422.0	(0.6)	7,556.7	396.1	(19.9)	(7.6)	15,509.4
R&D costs acquisitions	15.5	1.8	-	5.4	-	-	3.3	26.1
Subscriber acquisition costs	618.2	158.8	-	-	17.6	-	(0.3)	794.4
Intangible assets under construction	212.1	177.1	(2.5)	36.5	(0.3)	(0.0)	(152.7)	270.1
Other intangible assets	2,550.7	444.0	(111.2)	218.3	18.2	(25.6)	(277.7)	2,816.7
Gross value	**19,862.6**	**1,641.0**	**(162.1)**	**13,564.0**	**694.0**	**(120.0)**	**(244.9)**	**35,234.6**
Software	(655.1)	(598.1)	47.6	-	(14.7)	2.2	26.9	(1,191.3)
Brand name	(185.2)	(229.5)	-	-	(4.8)	7.7	1.0	(410.8)
Customer relations	(814.2)	(1,164.6)	-	-	(38.8)	33.3	0.5	(1,983.9)
Licenses and franchises	(385.7)	(245.0)	1.8	-	(1.4)	9.7	11.7	(609.0)
R&D costs acquisitions	(1.1)	(8.1)	-	-	-	-	(0.1)	(9.3)
Subscriber acquisition costs	(511.9)	(120.7)	-	-	(17.0)	-	-	(649.7)
Intangible assets under construction	-	(1.0)	4.0	-	-	-	(3.0)	-
Other intangible assets	(778.4)	(454.2)	102.9	-	(9.5)	16.6	154.1	(968.5)
Cumulative amortization	**(3,331.6)**	**(2,821.2)**	**156.3**	**-**	**(86.3)**	**69.5**	**190.9**	**(5,822.4)**
Software	1,249.9	(181.2)	(0.3)	222.6	15.8	(1.4)	258.0	1,563.4
Brand name	1,338.7	(229.4)	-	1,069.5	29.3	(26.9)	(42.4)	2,138.9
Customer relations	5,060.4	(1,144.3)	-	4,454.9	159.0	(3.0)	2.6	8,529.7
Licenses and franchises	6,776.8	177.0	1.2	7,556.7	394.7	(10.1)	4.1	14,900.4
R&D costs acquisitions	14.4	(6.3)	-	5.4	-	-	3.2	16.8
Subscriber acquisition costs	106.3	38.1	-	-	0.6	-	(0.3)	144.7
Intangible assets under construction	212.1	176.1	1.5	36.5	(0.3)	(0.0)	(155.7)	270.1
Other intangible assets	1,772.3	(10.2)	(8.2)	218.3	8.7	(9.1)	(123.6)	1,848.2
Net book value	**16,531.0**	**(1,180.2)**	**(5.8)**	**13,564.0**	**607.7**	**(50.5)**	**(54.0)**	**29,412.1**

Intangible assets December 31, 2015 (€m)	January 1, 2015	Additions (*)	Disposals (*)	Business Combi-nations	Changes in foreign currency	Held for sale	Other	December 31, 2015 (revised*)
Software	1,398.9	325.6	(52.1)	69.6	21.6	(20.0)	161.4	1,905.0
Brand name	1,292.3	-	-	279.2	6.1	(53.8)	0.1	1,523.9
Customer relations	3,610.4	15.0	-	2,200.8	47.0	(10.2)	11.7	5,874.7
Licenses and franchises	2,144.4	476.5	(0.1)	4,573.0	7.7	(12.0)	(27.0)	7,162.5
R&D costs acquisitions	6.4	3.1	-	6.6	-	(0.1)	(0.5)	15.5
Subscriber acquisition costs	412.4	131.7	(0.1)	0.0	29.5	(0.7)	45.4	618.2
Intangible assets under construction	165.7	161.6	(16.8)	44.1	0.5	(0.4)	(142.6)	212.1
Other intangible assets	1,900.5	270.5	(220.5)	577.2	24.3	(14.8)	13.5	2,550.7
Gross value	**10,931.0**	**1,384.0**	**(289.6)**	**7,750.5**	**136.7**	**(112.0)**	**62.0**	**19,862.6**
Software	(149.1)	(488.8)	44.0	-	(16.8)	16.8	(61.2)	(655.1)
Brand name	(50.2)	(165.8)	-	-	(1.1)	31.9	-	(185.2)
Customer relations	(220.7)	(575.0)	-	-	(19.0)	8.6	(8.1)	(814.2)
Licenses and franchises	(221.1)	(169.5)	-	-	(2.7)	7.6	-	(385.7)
R&D costs acquisitions	(0.7)	(6.2)	-	-	-	0.2	5.6	(1.1)
Subscriber acquisition costs	(315.2)	(145.6)	-	-	(28.8)	0.1	(22.4)	(511.9)
Intangible assets under construction	-	-	-	-	-	-	-	-
Other intangible assets	(466.3)	(430.9)	97.0	-	(16.3)	2.8	35.3	(778.4)
Cumulative amortization	**(1,423.3)**	**(1,981.8)**	**141.0**	**-**	**(84.7)**	**68.0**	**(50.8)**	**(3,331.6)**
Software	1,249.8	(163.2)	(8.1)	69.6	4.8	(3.2)	100.2	1,249.9
Brand name	1,242.1	(165.8)	-	279.2	5.0	(21.9)	0.1	1,338.7
Customer relations	3,389.7	(560.0)	-	2,200.8	28.0	(1.6)	3.6	5,060.4
Licenses and franchises	1,923.3	307.0	(0.1)	4,573.0	5.0	(4.4)	(27.0)	6,776.8
R&D costs acquisitions	5.7	(3.1)	-	6.6	-	0.1	5.1	14.4
Subscriber acquisition costs	97.2	(13.9)	(0.1)	0.0	0.7	(0.6)	23.0	106.3
Intangible assets under construction	165.7	161.6	(16.8)	44.1	0.5	(0.4)	(142.6)	212.1
Other intangible assets	1,434.2	(160.4)	(123.5)	577.2	8.0	(12.0)	48.8	1,772.3
Net book value	**9,507.7**	**(597.8)**	**(148.6)**	**7,750.5**	**52.0**	**(44.0)**	**11.2**	**16,531.0**

(*) For the revision impact please see note 35

The main driver of the increase in intangible assets from 2015 was the acquisition of Optimum, in which the Group acquired €13,109.6 million of intangibles assets.

Further details on several captions in the tables above include:

- Customer relations have been valued using the excess earnings method upon acquisition. These are amortized on the basis of the local churn rate. The carrying amount of customer relations by segment was: (i) US: €5,074.8 million (ii) France: €2,228.7 million, (iii) Portugal: €1,013.3 million, (iv) Israel: €146.5 (v) Others: €66.6 million.
- Subscriber acquisition costs were recognized in respect of the costs of acquisition of subscribers (including additional sales commissions). The amortization expenses are linked to the length of the average commitment of the subscribers.
- The Licenses caption up to December, 2015 mainly included the rights to use the cable and other installations constructed by France Telecom (the historical public telecoms operator in France), mobile licenses of SFR Group of €1,984.5 million and franchise rights of Suddenlink (€4,573.0 million). During 2016, the Group also acquired franchise rights as part of the acquisition of Optimum amounting to a total of €7,185.1 million.
- This caption includes the carrying amount of different brands owned by the Group and recognized as part of different purchase price allocations. The carrying amounts of the different brands of the Group allocated to the segments is: (i) the SFR in France: €973.8 million, (ii) Suddenlink and Optimum in the US: €932.9 million, (iii) Meo in Portugal: €203.0 million, (iv) HOT in Israel: €18.8 million and (v) Others: €10.2 million.

7. Property, plant and equipment

Property, plant and equipment December 31, 2016 (€m)	January 1, 2016	Additions	Disposals	Business Combi-nations	Changes in foreign currency	Held for sale	Other	December 31, 2016
Land	326.6	1.4	(1.6)	18.7	1.6	(0.1)	(5.4)	341.3
Buildings	2,273.8	140.6	(100.2)	371.3	19.9	(3.3)	37.9	2,740.0
Technical and other equipment	11,024.8	1,671.3	(444.5)	3,806.2	362.1	(134.7)	(129.6)	16,155.6
Assets under construction	492.5	539.9	(12.1)	53.2	3.8	-	(352.8)	724.6
Other tangible assets	1,301.3	380.9	(146.6)	17.2	5.5	(1.5)	112.3	1,669.2
Gross value	**15,418.9**	**2,734.2**	**(705.0)**	**4,266.6**	**392.9**	**(139.5)**	**(337.5)**	**21,630.7**
Land	-	-	-	-	-	-	-	-
Buildings	(206.6)	(216.2)	80.7	-	(4.7)	0.1	1.4	(345.3)
Technical and other equipment	(2,607.0)	(2,180.9)	379.4	-	(161.7)	41.8	174.1	(4,354.4)
Assets under construction	1.3	5.8	-	-	(0.0)	-	-	7.0
Other tangible assets	(413.0)	(362.8)	127.5	-	(2.6)	0.8	(31.0)	(681.2)
Cumulative amortization	**(3,225.4)**	**(2,754.1)**	**587.6**	**-**	**(169.0)**	**42.6**	**144.4**	**(5,373.9)**
Land	326.6	1.4	(1.6)	18.7	1.6	(0.1)	(5.4)	341.3
Buildings	2,067.2	(75.6)	(19.6)	371.3	15.2	(3.2)	39.3	2,394.6
Technical and other equipment	8,417.7	(509.6)	(65.0)	3,806.2	200.4	(93.0)	44.5	11,801.2
Assets under construction	493.8	545.7	(12.1)	53.2	3.8	-	(352.8)	731.6
Other tangible assets	888.3	18.1	(19.1)	17.2	2.9	(0.7)	81.3	988.0
Net book value	**12,193.6**	**(20.0)**	**(117.3)**	**4,266.6**	**223.9**	**(96.9)**	**(193.1)**	**16,256.8**

Property, plant and equipment December 31, 2015 (€m)	January 1, 2015	Additions (*)	Disposals (*)	Business Combi-nations	Changes in foreign currency	Held for sale	Other	December 31, 2015 (revised*)
Land	113.3	3.3	(5.0)	211.3	2.0	(0.3)	2.0	326.6
Buildings	1,550.0	104.8	(17.5)	606.3	13.0	0.4	16.8	2,273.8
Technical and other equipment	6,114.6	1,001.1	(373.5)	4,036.5	352.9	(193.1)	86.3	11,024.8
Assets under construction	397.8	309.3	(27.6)	97.5	6.4	(3.3)	(287.6)	492.5
Other tangible assets	928.0	322.2	(97.6)	88.4	3.5	(8.3)	65.1	1,301.3
Gross value	**9,103.7**	**1,740.9**	**(521.2)**	**5,039.9**	**377.8**	**(204.6)**	**(117.4)**	**15,418.9**
Land	-	-	-	-	-	-	-	-
Buildings	(46.1)	(176.1)	13.7	-	(6.2)	0.2	7.9	(206.6)
Technical and other equipment	(1,704.2)	(1,324.5)	331.1	-	(241.5)	165.0	167.1	(2,607.0)
Assets under construction	2.1	(0.7)	-	-	(0.1)	-	-	1.3
Other tangible assets	(6.4)	(382.3)	87.2	-	(5.3)	3.5	(109.8)	(413.0)
Cumulative amortization	**(1,754.6)**	**(1,883.6)**	**432.0**	**-**	**(253.2)**	**168.7**	**65.2**	**(3,225.4)**
Land	113.3	3.3	(5.0)	211.3	2.0	(0.3)	2.0	326.6
Buildings	1,503.9	(71.3)	(3.8)	606.3	6.8	0.6	24.7	2,067.2
Technical and other equipment	4,410.4	(323.4)	(42.4)	4,036.5	111.4	(28.1)	253.4	8,417.7
Assets under construction	399.9	308.6	(27.6)	97.5	6.3	(3.3)	(287.6)	493.8
Other tangible assets	921.6	(60.0)	(10.4)	88.4	(1.8)	(4.8)	(44.7)	888.3
Net book value	**7,349.1**	**(142.7)**	**(89.2)**	**5,039.9**	**124.6**	**(35.9)**	**(52.2)**	**12,193.6**

(*) For the revision impact please see note 35

The increase in the property, plant and equipment of the Company can mainly be attributed to the acquisition of Optimum during the year. In addition to this, property plant and equipment also increased as a result of continued capital expenditure by other Group companies, as part of their efforts to drive customer acquisition and growth. Further details on the captions in the table above include:

- Buildings mostly comprises the hosting of technical sites, buildings and their respective fittings.
- Technical equipment principally includes network equipment (radio, switching, network administration, network core) and transmissions. It also includes the Cable network owned across the Group, which provides the ability to supply cable based pay television, broadband internet and fixed line telephony services to its subscribers.
- Call centers that represent centralized offices used for the purpose of receiving or transmitting a large volume of administrative, technical or commercial requests by telephone.
- Office furniture and equipment that refer to furnishings and IT equipment.
- Communication network infrastructure that include the digital technologies for the transmission of multi-channel television services.

As part of the various debt issuances completed by the Group, the assets of certain subsidiaries have been pledged as collateral. This includes all material assets of HOT Telecom including the cable network, all material assets of Altice Hispaniola (other than licenses and real estate assets valued at less than €5 million), the assets of SFR Group, PT Portugal, Suddenlink and Optimum.

8. Investment in associates

Investments in associates (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Associates of SFR Group	46.3	77.7
Groupe News Participation	-	297.3
Other	19.4	42.7
Total	**65.7**	**417.7**

The main change in the carrying amount of investment in associates is primarily related to the consolidation of GNP into the financial statements of the Group from February 1, 2016. The investment in GNP was previously classified as an investment in associate.

In January 2016, SFR Group entered into an agreement with Bull and Caisse des Dépôts to acquire their stake in Numergy, following which Numergy's results were fully consolidated into the consolidated financial statements of the Group (previously reported as an investment in associates as of December 31, 2015).

The other entities are associates of SFR Group (total associates of €46.3 million):

- *La Poste Telecom*: In 2011, SFR Group and La Poste created La Poste Telecom, held at 49% and 51%, respectively. This subsidiary is a mobile virtual network operator on the retail mobile telephony market under the La Poste Mobile brand. As the carrying amount of the equity investment was less than zero, SFR Group recorded a provision of €24.9 million to account for its investment in La Poste Telecom as of December 31, 2016.
- *Synerail:* On February 18, 2010, a group created by SFR, Vinci and AXA (with 30% each) and TDF (10%) signed a GSM-R public-private partnership agreement with Réseau Ferré de France. This agreement, with a 15-year duration and an overall amount of €1,000 million, involves providing the financing, construction, operation and maintenance for a digital telecommunications network that will allow for providing communications (voice and data) between trains and ground regulation staff in conference mode. It will be deployed progressively over 14,000 km of traditional and high-speed railways in France. As the carrying amount of the equity investment was less than zero, SFR Group recorded a provision of €0.5 million to account for its investment in Synerail as of December 31, 2016
- *PHO Holding:* On April 1, 2016, NextRadio TV completed the acquisition of a 39% stake in PHO holding, a company that itself holds a 100% stake in Diversite TV, which produces and broadcasts the free to air channel Numero 23.

Other associates mainly consist of equity investments made by other Group subsidiaries. Associates of PT Portugal and Optimum had a carrying amount for €13.7 million and €5.3 million for the year ended December 31, 2016.

The key financial information of the significant investments in associates is listed below:

Associates	**La Poste Telecom**		**Synerail**		**Numergy**	**GNP**
(€m)	**2016**	**2015**	**2016**	**2015**	**2015**	**2015**
Revenues	214.0	202.0	81.7	167.0	4.0	17.8
Net profit/(loss)	(19.0)	(9.0)	11.0	2.0	(16.0)	(1.5)
Net equity	(90.0)	(83.0)	(2.7)	(15.0)	168.0	218.6
Cash (-)/Net debt (+)	56.0	51.0	526.0	487.0	2.0	252.0
Total Assets	45.0	38.0	610.1	598.0	175.0	593.8

9. Financial assets

Other financial assets (€m)	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Investments held as available for sale	12.0	6.5
Loans and receivables	305.5	248.5
Derivative financial assets	2,630.1	2,548.7
Other financial assets	1,426.7	19.1
Total	**4,374.4**	**2,822.8**
Current	758.6	-
Non-current	3,615.8	2,822.8

9.1. Investment in available for sale financial assets

Partner Communications LTD: The Group holds 1,459,926 regular shares in Partner Communications LTD, (hereinafter-Partner), constituting approximately 0.9% of Partner's share capital which is engaged in the provision of mobile communications services and whose shares are traded on stock exchanges in the United States of America, in the United Kingdom and in Israel.

Wananchi Group Holdings Ltd (hereinafter Wananchi): The Group, through an indirect subsidiary, holds a 17.4% equity interest and three board seats in Wananchi Group Holdings Ltd, a cable, DTH and B2B operator based out of Kenya and providing services in Kenya and other neighbouring East African countries. The Board of Directors has classified this investment as an available for sale asset. The Company holds less than 20% of Wananchi and has no significant influence over the operational or financial decision making in Wananchi. The investment in Wananchi is carried at its fair value, which was calculated by the Board of Directors based on a discounted cash flow model, which was modelled on a business plan prepared by Wananchi's management. The carrying amount of the Group's investment in Wananchi amounted to €1.2 million for the year ended December 31, 2016.

9.2. Loans and receivables

As of December 31, 2016, this caption includes an investment in Wananchi, in return for which it was issued convertible notes, convertible at the discretion of the holder. The investment amounts to €45.2 million ($44 million equivalent, excluding accrued interests) and bears interest at a rate of 11% per annum payable in kind and matures in October 2021 (15% as of December 31, 2015).

It also includes €124.0 million corresponding to a guarantee provided by Vivendi to SFR Group, as well as financial assets related to pension assets at PT Portugal for an aggregate amount of €13.8 million.

9.3. Derivative financial assets

As part of the issuance of new debts to finance the acquisition of SFR Group and PT Portugal, the Group issued debt in US Dollars. In order to cover the exchange rate risk related to this issuance (refer to note 17), the parties entered into cross currency swaps with different banks, which were classified as cash flow hedges. Derivative hedge assets amounted to €2,636.1 million for the year ended December 31, 2016, compared to €2,548.7 million as of December 31, 2015.

This caption also includes the fair value of various call options held by the Group on non-controlling interests in CVC 2 B.V., Altice Customer Services and Altice Technical Services. The carrying amount of such call options amounted to €28.4 million as of December 31, 2016 (€31.0 million as of December 31, 2015).

9.4. Other financial assets

This caption is mainly comprised of an investment in the common shares of Comcast Corporation acquired as part of the Optimum acquisition during the year (refer to note 3.3.1). This investment is classified as held for trading and measured at fair value (€1,406.9 million) with realized and unrealized holding gains and losses recognised in profit or loss. A net gain of €127.8 million was recorded in the consolidated statement of income, as other financial income, for the year ended December 31, 2016.

Optimum has entered into various transactions to limit the exposure against equity price risk on its shares of Comcast Corporation ("Comcast") common stock. Optimum has monetized all of its stock holdings in Comcast through the execution of prepaid forward contracts, collateralized by an equivalent amount of the respective underlying stock. At maturity, the contracts provide for the option to deliver cash or shares of Comcast stock with a value determined by reference to the applicable stock price at maturity. These contracts, at maturity, are expected to offset declines in the fair value of these securities below the hedge price per share while allowing Optimum to retain upside appreciation from the hedge price per share to the relevant cap price.

Optimum received cash proceeds upon execution of the prepaid forward contracts discussed above which has been reflected as collateralized indebtedness in the accompanying consolidated balance sheets. In addition, Optimum separately accounts for the equity derivative component of the prepaid forward contracts.

These equity derivatives have not been designated as hedges for accounting purposes. Therefore, the net fair values of the equity derivatives have been reflected in the accompanying consolidated balance sheets as an asset or liability and the net increases or decreases in the fair value of the equity derivative component of the prepaid forward contracts are included in gain (loss) on derivative contracts in the accompanying consolidated statements of operations.

In addition, the impact of the change in fair value of the related forward contracts, not designated as hedging instruments for accounting purposes, was recorded as an other financial expense of €48.5 million for the year ended December 31, 2016.

10. Inventories

Inventories are almost exclusively comprised of consumable goods corresponding to customer premises equipment (modems, decoders, mobile handsets etc.), which is used in the daily business activity of the Group's subsidiaries. The Board of Directors considers that inventory will be fully renewed in the next twelve months and is therefore classified as a current asset in the Statement of Financial Position. The increase in inventory for the year ended December 31, 2016 mainly relates to the acquisition of Altice Technical Services.

A cost of €7.9 million was recorded in the consolidated statement of income to account for the change in inventories (€31.3 million expensed in 2015).

Inventories (€m)	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Raw materials and consumables	399.9	404.8
Work in progress	57.8	30.3
Gross value	**457.8**	**435.1**
Raw materials and consumables	(60.3)	(61.3)
Work in progress	(2.6)	(3.6)
Allowance for obsolesence	**(62.9)**	**(65.0)**
Raw materials and consumables	339.6	343.4
Work in progress	55.2	26.7
Total carrying amount	**394.8**	**370.1**

10.1. Inventory obsolescence

Inventory obsolescence (€m)	**Raw materials and consumables**	**Work in progress (goods)**	**Finished/semi-finished goods**	**Total**
Opening balance: January 1, 2016	**(61.3)**	**-**	**(3.6)**	**(65.0)**
Business combinations	(0.9)	-	-	(0.9)
Allowances/Write-backs	3.2	-	1.0	4.2
Variation	(1.2)	-	-	(1.2)
Held for sale	0.1	-	-	0.1
Other	(0.1)	-	-	(0.1)
Closing balance: December 31, 2016	**(60.3)**	**-**	**(2.6)**	**(62.9)**

Inventory obsolescence (€m)	**Raw materials and consumables**	**Work in progress (goods)**	**Finished/semi-finished goods**	**Total**
Opening balance: January 1, 2015	**(47.4)**	**-**	**-**	**(47.4)**
Business combinations	(16.7)	-	(3.4)	(20.1)
Allowances/Write-backs	2.7	-	(0.2)	2.4
Variation	0.3	-	-	0.3
Held for sale	-	-	-	-
Other	(0.3)	-	-	(0.3)
Closing balance: December 31, 2015	**(61.4)**	**-**	**(3.6)**	**(65.0)**

11. Trade and other receivables

Trade and other receivables (€m)	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Trade receivables	3,267.2	2,933.3
Other receivables	1,333.3	924.3
Total	**4,600.5**	**3,857.5**

11.1. Trade receivables

Trade and other receivables (€m)	**Gross trade receivables**	**Allowance for doubtful debts**	**Total**
Opening balance: January 1, 2016	**3,676.3**	**(743.0)**	**2,933.3**
Recognised through business combinations	585.5	(17.1)	568.5
Net decrease	(224.9)	(21.2)	(246.1)
Held for sale	(33.3)	5.3	(28.0)
Other changes	51.7	(12.2)	39.6
Closing balance: December 31, 2016	**4,055.3**	**(788.1)**	**3,267.2**

Trade and other receivables (€m)	Gross trade receivables	Allowance for doubtful debts	Total
Opening balance: January 1, 2015	**2,573.2**	**(535.8)**	**2,037.4**
Recognised through business combinations	1,008.5	(235.6)	772.9
Net increase	120.6	12.7	133.3
Held for sale	(41.1)	26.1	(15.0)
Other changes	15.1	(10.5)	4.6
Closing balance: December 31, 2015	**3,676.3**	**(743.0)**	**2,933.3**

The increase in trade receivables is explained mainly by the acquisitions of Optimum, GNP, AMG, ATS and ACS during the year (total of €569.8 million as at December 31, 2016).

11.1.1. Aging of trade receivables

Age of trade receivables (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Not yet due	2,654.9	2,560.7
30 - 90 days	400.9	167.0
91 - 120 days	211.5	205.5
Total	**3,267.2**	**2,933.2**

The Group routinely evaluates the credit that is provided to its customers, while checking their financial situations; however it does not demand collateral for those debts. The Group records a provision for doubtful debts, based on the factors that affect the credit risks of certain customers, past experience and other information. The Group is of the opinion that there is no risk of concentration of counterparties given the much diversified customer basis, especially on the B2C side (in the Group's largest segments a major portion of clients pay using direct debit, credit cards or online banking). For the B2B business, the top 20 clients of the Group represent less than 5% of total Group revenues.

The largest clients of the Group are telecom operators in France, Portugal and the United States (such as Orange, Bouygues Telecom, Free Mobile, Vodafone, Optimus etc.). The risk of recoverability for these clients is quite low, given the balance in interconnection transactions between these companies and different companies of the Group. Orange, the largest client in the operator segment, is also the largest supplier of the Group.

11.2. Other receivables

Other receivables (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Prepaid expenses	311.2	183.4
Business taxes receivable (e.g. VAT)	753.5	559.2
Other	268.6	181.7
Total	**1,333.3**	**924.3**

11.2.1. Prepaid expenses

Prepaid expenses mainly relate to services for which payments are made before the service is rendered (such as rental, insurance or other services).

11.2.2. Business taxes receivable

This captions comprises mostly receivables due from VAT payments made on supplier invoices. The increase from 2015 is largely a result of an increase in business taxes receivable at SFR Group of €167.0 million.

11.2.3. Other

Other is mainly composed of receivables due from social security and other state run organisms that manage employee benefits. The increase compared to 2015 was mainly a result of other receivables acquired as part of the acquisition of Optimum and an increase across most companies in social security receivable.

12. Cash and cash equivalents and restricted cash

Cash and cash equivalents and restricted cash (€m)	December 31, 2016	December 31, 2015
Term deposits	185.3	222.2
Bank balances	923.8	2,304.8
Cash and cash equivalents	**1,109.1**	**2,527.0**
Restricted cash	202.0	7,737.0
Total	**1,311.1**	**10,263.9**

The change in cash since December 31, 2015 is due to the acquisition of Optimum; cash was held in escrow as restricted cash at December 31, 2015 and was used to settle the acquisition in June 2016, refer to note 3.

13. Shareholders' Equity

13.1. Issued capital

Share capital December 31, 2016	Total shares authorised (number)	Total capital authorised (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common A shares	8,299,152,975	83.0	972,363,050	0.01	9.7
Common B shares	293,884,439	73.5	267,035,516	0.25	66.8
Preference A shares	4,700,000,000	188.0	-	-	-
Preference B shares	150,000,000	1.5	-	-	-
Total	**13,443,037,414**	**346.0**	**1,239,398,566**		**76.5**

Share capital December 31, 2015	Total shares authorised	Total capital authorised (€m)	Number of shares issued	Value per share	Total capital issued (€)
Common A shares	8,168,034,850	81.7	841,244,925	0.01	8.4
Common B shares	299,129,164	74.8	272,280,241	0.25	68.1
Preference A shares	4,700,000,000	188.0	-	-	-
Preference B shares	150,000,000	1.5	-	-	-
Total	**13,317,164,014**	**346.0**	**1,113,525,166**		**76.5**

For the year ended December 31, 2016, the Company received and executed conversion orders amounting to a total of 5,244,725 common shares B. Common shares B are converted to 25 common shares A, 24 common shares A are acquired by the Company for nil consideration and retained as treasury shares.

13.2. Treasury shares

As of December 31, 2016, the Company held a total of 107,324,976 common shares A with a nominal value of €0.01 each as treasury shares.

13.3. Additional paid in capital

Changes in additional paid in capital (€m)	December 31, 2016	December 31, 2015
Opening balance	2,379.6	2,971.1
Exchange of Altice S.A. shares for Altice N.V. shares	-	(67.1)
Exchange of Altice N.V. shares for SFR Group shares	284.0	-
Transactions with non-controlling interests of SFR Group	(141.2)	(2,130.4)
Transactions with non-controlling interests of CVC 2 B.V.	(1,747.5)	-
Issue of new shares	-	1,597.9
Other	(36.9)	8.1
Total	**738.0**	**2,379.6**

Changes in additional paid in capital were mainly related to:

- Exchange of shares: In October and December 2016, the Group completed the acquisition of an additional stake in SFR Group in several off-market transactions (see note 3.2).
- Transactions with non-controlling interests in CVC 2 B.V.: the decrease is mainly related to the re-measurement of the put option held by the non-controlling interests (€1,773 million), which was offset by an additional investment by the non-controlling interests in CVC 2 B.V. related to the acquisition of Optimum (€317.9 million).

- Transactions with the non-controlling interests in SFR Group: these were transactions under common control, mainly related to the acquisition of AMG France by SFR Group in May 2016 (see note 3.3.3).
- Others: related mainly to put options held by non-controlling interests in ACS (€31.0 million) and also the acquisition of an additional stake in the Group's Swiss business (€15.0 million).

In the prior year the transactions with the non-controlling interests in SFR Group largely related to the additional economic interest in the SFR Group that was acquired from Vivendi, while the issuance of new shares by Altice N.V. (the parent company) was completed as part of the financing of the acquisition of the US subsidiaries.

13.4. Other reserves

The tax effect of the Group's currency, available for sale, cash flow hedge and employee benefits reserves is provided below:

Other reserves	**December 31, 2016**			**December 31, 2015 (revised)***		
(€m)	**Pre-tax amount**	**Tax effect**	**Net amount**	**Pre-tax amount**	**Tax effect**	**Net amount**
Actuarial gains and losses	(59.7)	15.1	(44.6)	(3.5)	(0.5)	(4.0)
Items not reclassified to profit or loss	**(59.7)**	**15.1**	**(44.6)**	**(3.5)**	**(0.5)**	**(4.0)**
Available for sale reserve	2.9	-	2.9	2.4	-	2.4
Currency reserve	148.8	-	148.8	3.3	-	3.3
Cash flow hedge reserve	(985.5)	313.6	(671.8)	(317.9)	100.3	(217.6)
Items potentially reclassified to profit or loss	**(833.8)**	**313.6**	**(520.2)**	**(311.7)**	**100.3**	**(211.9)**
Total	**(893.5)**	**328.8**	**(564.8)**	**(315.2)**	**99.8**	**(215.9)**

14. Earnings per share

Earnings per share **(€m)**	**Year ended December 31, 2016**	**Year ended December 31, 2015 (revised *)**
Loss for the year	**(1,557.6)**	**(400.7)**
Basic earnings per share		
Weighted average number of ordinary shares	1,096.5	1,012.1
Basic earnings per ordinary share (in €)	*(1.42)*	*(0.40)*
Diluted earnings per share		
Weighted average number of ordinary shares including dilutive shares	1,142.0	1,048.7
Diluted earnings per ordinary share (in €)	*(1.36)*	*(0.38)*

(*) For the revision impact please see note 35

The weighted average number of dilutive shares for the year ended December 31, 2016, was 45.5 million (2015: 36.7 million), which related to shares issued under the Company's stock option plan (refer to note 25 for details about this plan).

As both common shares A and common shares B have the same economic rights, basic earnings per share is calculated using the aggregate number of shares in circulation.

15. Provisions

Provisions **(€m)**	**Note**	**December 31, 2016**	**December 31, 2015**
Provisions	15	1,409.3	1,059.8
Employee benefit provisions	16	1,125.7	1,051.7
Total		**2,535.0**	**2,111.5**
Current		658.8	378.1
Non-current		1,876.2	1,733.4

15.1. Provisions for litigation, site renovation and other items

A breakdown of the main types of provisions, and their movements during the year, is presented in the table below:

Provisions December 31, 2016 (€m)	January 1, 2016	Business Combi-nations	Additions	Utilization	Held for sale	Other	December 31, 2016
Litigation and other disputes	673.9	12.0	256.1	(191.0)	(0.4)	64.9	815.6
Site renovation and onerous contracts	158.8	-	6.8	(16.0)	-	0.3	149.9
Restructuring	54.6	26.6	287.3	(136.1)	(0.1)	5.8	238.2
Other	172.4	43.3	57.4	(48.0)	(1.4)	(18.0)	205.6
Total	**1,059.8**	**81.9**	**607.6**	**(391.1)**	**(1.9)**	**53.0**	**1,409.3**

Provisions December 31, 2015 (€m)	January 1, 2015	Business Combi-nations	Additions	Utilization	Held for sale	Other	December 31, 2015
Litigation and other disputes	544.8	57.4	114.3	(66.2)	(0.2)	23.9	673.9
Site renovation and onerous contracts	135.4	-	5.7	(22.2)	-	39.9	158.8
Restructuring	11.4	-	56.4	(27.5)	-	14.3	54.6
Other	182.8	21.1	64.9	(66.5)	(10.2)	(19.6)	172.4
Total Gross Value	**874.3**	**78.5**	**241.2**	**(182.4)**	**(10.4)**	**58.5**	**1,059.8**

The increase in provisions is related mainly to the acquisition of Optimum and provisions recorded during the year to account for new litigation and restructuring plans across the Group.

15.1.1. Provisions for litigation & other disputes

These mainly relate to litigations that have been brought against the Group for which the Board of Directors believes that the risk of cash outflows is probable. Management considers that all potential risks of cash outflows on such litigations and claims is properly evaluated and represented correctly in the consolidated financial statements for the year ended December 31, 2016. Such litigations cover tax and VAT related risks as well.

These provisions include amounts for which the nature and amounts cannot be disclosed on a case by case basis as this might expose the Group to further litigation. Such cases are outlined in note 32, Litigation and in the note 23, Taxation, for all tax related litigation. All litigation pending against the Group is either being heard or appealed at the date of this report.

15.1.2. Site renovation costs

In certain cases, the Company and its subsidiaries (mainly SFR Group, PT Portugal) have contractual obligation to repair and renovate its technical sites and network components that are leased at the end of the contractual period or in case of an anticipated contract cancellation.

15.1.3. Restructuring

During the year the Group announced restructuring plans at SFR Group and the US subsidiaries as described in note 4.3.2.

15.1.4. Other provisions

Other provisions mainly include provisions for risks involving distributors and suppliers, material not returned, disputes with employees and related to investments in associates, amongst others.

16. Employee benefit provisions

Depending on the laws and practices in force in the countries where it operates, the Group has obligations in terms of employee benefits. The notes below describe the defined benefit plans across the Group and provide information about the amounts recognised in the financial statements during the year.

The amount included in the consolidated statement of financial position in respect of defined benefit plans is as follows:

Defined benefit plan (€m)	December 31, 2016	December 31, 2015
Present value of defined benefit obligation	1,565.8	1,237.8
Fair value of plan assets	(440.1)	(186.1)
Unfunded status	**1,125.7**	**1,051.7**

16.1. Details of the significant defined benefit plans

16.1.1. Portugal

PT Portugal sponsors defined benefit plans, under which it is responsible for the payment of pension supplements to retired and active employees and healthcare services to retired employees and eligible relatives. In addition, PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspend and pre-retired employees until retirement age. A detailed nature of these benefits is presented below:

- Pension supplements - Retirees and employees of Companhia Portuguesa Rádio Marconi, S.A. (“Marconi”, a company merged into PT in 2002) hired prior to February 1, 1998 and retirees and employees of Telefones de Lisboa e Porto, S.A. (“TLP”, a company merged into PT in 1994) and Teledifusora de Portugal, S.A. (“TDP”, a company merged into PT in 1994) hired prior to June 23, 1994 are entitled to receive a supplemental pension benefit, which complements the pension paid by the Portuguese social security system. In addition, on retirement, PT pays a lump sum gratuity of a fixed amount which depends on the length of service completed by the employee and its salary. Employees hired by PT or any of its predecessor companies after the dates indicated above are not entitled to these benefits and are thus covered only by the general Portuguese Government social security system.
- Healthcare benefits - PT sponsors the payment of post-retirement health care benefits to certain suspended employees, pre-retired employees and retired employees and their eligible relatives. Health care services are rendered by PT - Associação de Cuidados de Saúde (“PT ACS”), which was incorporated with the only purpose of managing PT’s Health Care Plan. This plan, sponsored by PT, includes all employees hired by PT until December 31, 2000 and by Marconi until February 1, 1998. The financing of the Health Care Plan comprises defined contributions made by participants to PT ACS and the remainder by PT, which incorporated an autonomous fund in 2004 for this purpose.
- Salaries to suspended and pre-retired employees - PT and other subsidiaries of PT Portugal are also responsible for the payment of salaries to suspended and pre-retired employees until the retirement age, which result from agreements between both parties. These liabilities are not subject to any legal funding requirement and therefore the monthly payment of salaries is made directly by each of the subsidiaries of PT Portugal.

16.1.2. United States

The subsidiaries of the Group in the US sponsor a non-contributory qualified defined benefit cash balance retirement plan (the "Pension Plan") for the benefit of non-union employees, as well as certain employees covered by a collective bargaining agreement in Brooklyn. The subsidiaries in the US maintain an unfunded non-contributory non-qualified defined benefit excess cash balance plan ("Excess Cash Balance Plan") covering certain current and former employees who participate in the Pension Plan, as well as an additional unfunded non-contributory, non-qualified defined benefit plan ("CSC Supplemental Benefit Plan") for the benefit of certain former officers and former employees, which provides that, upon retiring on or after normal retirement age, a participant receives a benefit equal to a specified percentage of the participant's average compensation, as defined. The benefits related to the CSC Supplemental Plan were paid to participants in January 2017 and the plan was terminated. The Pension Plan and the Excess Cash Balance Plan were amended to freeze participation and future benefit accruals effective December 31, 2013 for all employees except those covered by a collective bargaining agreement in Brooklyn. Effective April 1, 2015, participation was frozen and future benefit accruals ceased for employees covered by a collective bargaining agreement in Brooklyn. Therefore, after April 1, 2015, no employee who was not already a participant could participate in the plans and no further annual Pay Credits (a certain percentage of employees' eligible pay) were made. Existing account balances under the plans continue to be credited with monthly interest in accordance with the terms of the plans.

16.1.3. France

The rights to conventional retirement benefits vested by employees are measured individually, based on various parameters and assumptions such as the employee's age, position, length of service and salary, according to the terms of their employment agreement. This plan is considered to be a defined benefit plan in accordance with IAS

19. In addition in France, the employees of the Group benefit from a general pension plan. Accordingly the Group contributes to mandatory social security plans. This regime is considered to be a defined contribution plan in accordance with IAS 19. In France, severance payments are made in accordance with the collective agreement of the company to which they are attached.

16.1.4. Israel

In Israel, the plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans. The Group has defined contribution plans pursuant to Section 14 of the Severance Pay Law under which the Group pays regular contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. In addition, the Group has a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the law, employees are entitled to receive severance pay upon dismissal or retirement. In respect of its severance pay obligation to certain of its employees, the Group makes current deposits in pension funds and insurance companies ("the plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

16.2. Defined benefit obligations and fair value of plan assets

16.2.1. Movements in the present value of the defined benefit obligation

Defined benefit obligations (€m)	**December 31, 2016**	**December 31, 2015**
Opening balance at January 1	**1,237.8**	**154.1**
Business combinations[1]	468.0	1,154.7
Interest expense	21.3	10.7
Current service cost	17.7	15.8
Participant contribution	0.4	0.6
Benefits paid	(175.5)	(100.9)
Settlement	-	-
Curtailment	11.0	6.7
Net actuarial gain/(loss) in other comprehensive income	56.0	(7.1)
Held for sale	(6.0)	-
Other (including currency translation adjustment)	(64.9)	3.2
Closing balance at December 31	**1,565.8**	**1,237.8**
including commitments not financed	804.9	769.0
including commitments totally financed or partially financed	760.9	468.9

16.2.2. Fair value of plan assets

Fair value of plan assets (€m)	**December 31, 2016**	**December 31, 2015**
Opening balance at January 1	**186.1**	**23.0**
Business combinations[1]	345.4	177.1
Interest income	8.5	3.4
Participant contribution	(14.0)	0.4
Benefits paid	(26.1)	(19.2)
Settlement	-	-
Curtailement	-	-
Deposits paid by employer into the plan	2.2	2.5
Net actuarial gain/(loss) in other comprehensive income	(2.6)	(3.7)
Held for sale	(10.9)	-
Other (including currency translation adjustment)	(48.5)	2.6
Closing balance at December 31	**440.1**	**186.1**

1 The business combination line includes the effect of the acquisition of Optimum in 2016 and PT Portugal in 2015.

Fair value of plan assets	December 31, 2016		December 31, 2015	
(€m)	Amount	%	Amount	%
Shares	23.7	5.4%	23.9	12.8%
Bonds	196.3	44.6%	60.9	32.7%
Real estate	2.1	0.5%	4.2	2.3%
Other[1]	218.2	49.6%	97.1	52.2%
Closing balance at December 31	**440.1**	**100.0%**	**186.1**	**100.0%**

1 Included in other are mainly cash and cash equivalents and investment funds held.

16.2.3. Amounts recognized in comprehensive income

Defined benefit plan: amounts recognised in comprehensive income (€m)	December 31, 2016	December 31, 2015
Current service cost	17.7	15.8
Net interest expense	12.8	7.2
Settlement	-	-
Curtailment	11.2	6.7
Expenses recognised in profit or loss	**41.8**	**29.7**
Net actuarial gain/(loss):		
Differences arising from experience	29.7	15.4
Differences arising from changes in assumptions	26.5	(22.5)
Return on plan assets (excluding interest income)	2.6	3.6
Expenses recognised in other comprehensive income	**58.7**	**(3.5)**
Total expenses recorded in comprehensive income	**100.5**	**26.2**

16.2.4. Defined benefit plan valuation assumptions

The principal assumptions used in the actuarial valuations were as follows:

Assumptions used in actuarial valuation: Europe (%)	December 31, 2016	December 31, 2015
Expected rate of salary increase	0-2%	0-2%
Discount rate - pension	1.60%	1.95%
Discount rate - salaries to suspended and pre-retired	0.25%	0.50%
Discount rate - healthcare	1.75%	2.25%
Inflation rate	2.00%	2.00%

Assumptions used in actuarial valuation: United States (%)	December 31, 2016	December 31, 2015
Discount rate - pension	3.80%	-

Assumptions used in actuarial valuation: Rest of world (%)	December 31, 2016	December 31, 2015
Expected rate of salary increase	1-4%	1-4%
Discount rate - pension	2.50%	2.10%
Inflation rate	1.20%	1.20%

16.2.5. Sensitivity analysis

The discount rate is the main assumption used in the actuarial valuation that can have a significant effect on the defined benefit obligation. A variation of the discount rate would have the following impact on the liability:

Sensitivity to a change in discount rate (€m)	December 31, 2016	December 31, 2015
Discount rate decreases 0.25%	39.7	24.7
Discount rate increases 0.25%	(33.6)	(23.7)

17. Borrowings and other financial liabilities

Borrowings and other financial liabilities (€m)	Note	December 31, 2016	December 31, 2015
Long term borrowings, financial liabilities and related hedging instruments		**52,826.3**	**45,682.8**
- Debentures	*17.1*	*42,517.9*	*29,894.6*
- Loans from financial institutions	*17.2*	*9,867.5*	*15,688.5*
- Derivative financial instruments	*17.3*	*440.9*	*99.7*
Other non-current financial liabilities	*17.6*	**4,480.0**	**1,565.9**
- Finance leases	*20*	*130.6*	*100.3*
- Other financial liabilities [1]		*4,349.4*	*1,465.6*
Non-current liabilities		**57,306.4**	**47,248.7**
Short term borrowing, financial liabilities:		**1,342.3**	**380.6**
- Debentures	*17.1*	*909.6*	*29.7*
- Loans from financial institutions	*17.2*	*420.2*	*350.9*
- Derivative financial instruments	*17.3*	*12.5*	*-*
Other financial liabilities:	*17.6*	**3,491.9**	**1,488.5**
- Other financial liabilities [1]		*1,995.0*	*530.1*
- Bank overdraft		*59.6*	*126.7*
- Accrued interests		*1,358.2*	*764.2*
- Finance leases	*20*	*79.1*	*67.5*
Current liabilities		**4,834.2**	**1,869.1**
Total		**62,140.5**	**49,117.8**

1 These items include amounts related to the investment in Comcast shares, refer to note 9 for discussion of the investments and note 17.6 for discussion about the liabilities.

17.1. Debentures and loans from financial institutions

Debentures and loans from financial institutions (€m)	Note	December 31, 2016	December 31, 2015
Debentures	17.1.1	43,427.5	29,924.3
Loans from financial institutions	17.1.2	10,287.7	16,039.4
Total		**53,715.2**	**45,963.7**

17.1.1. Debentures

Maturity of debentures (€m)	< 1 year	One year or more	December 31, 2016	December 31, 2015
SFR Group	-	12,197.3	12,197.3	9,305.0
Optimum[1]	878.5	10,282.1	11,160.6	4,346.5
Suddenlink[2]	-	5,459.8	5,459.8	3,867.8
Altice Luxembourg	-	6,881.8	6,881.8	6,735.5
Altice Financing	-	6,109.2	6,109.2	4,069.1
Altice Finco	-	1,382.9	1,382.9	1,345.7
Hot Telecom	31.1	204.8	235.9	254.7
Total	**909.6**	**42,517.9**	**43,427.5**	**29,924.3**

1) Neptune Finco Corp was merged with Optimum prior to the closing of the acquisition of Optimum, the debt classified against Optimum for 2015 related to Neptune Finco Corp.
2) The previous period includes €284.2 million of debt assumed by Suddenlink in April 2016 as part of an automatic exchange transaction and previously issued by Altice US Finance.

The credit ratings of the entities, and details of where the debt is publicly traded, as at December 31, 2016, is provided in the table below:

Issuer of debt	Type of debt	Credit rating of notes Moody's/Standard & Poor's	Markets (if any) bonds are traded on
SFR Group	Senior secured notes	B1/B+	Euro MTF Market
Suddenlink	Senior secured notes	BA3/BB-	n/a
Suddenlink	Senior notes	CAA1/B-	n/a
Optimum	Senior secured notes	BA1/BB-	n/a
Optimum	Senior notes	B2/B-	n/a
Altice Luxembourg	Senior secured notes	B3/B	Euro MTF Market
Altice Financing	Senior secured notes	B1/BB-	Euro MTF Market
Altice Finco	Senior notes	B3/B-	Euro MTF Market
HOT Telecom	Debentures	Not rated	Tel Aviv stock exchange

The table below provides details of all debentures, shown in order of maturity.

Instrument	Issuer	Face value	Coupon	Year of maturity	December 31, 2016 Fair value	December 31, 2016 Carrying amount	December 31, 2015 Fair value	December 31, 2015 Carrying amount
(€m, unless stated)								
Senior notes	Optimum	$900 million	8.63%	2017	888.0	853.8	-	-
Debentures	HOT Telecom Ltd.	ILS 957 million	6.90%	2018	253.3	236.6	278.5	225.0
Senior notes	Optimum	$300 million	7.88%	2018	300.3	284.6	-	-
Senior notes	Optimum	$500 million	7.63%	2018	505.2	474.3	-	-
Senior notes	Optimum	$750 million	7.75%	2018	748.9	711.5	-	-
Senior secured notes	Altice Financing S.A.	$460 million	7.88%	2019	-	-	439.4	422.5
Senior secured notes	Altice Financing S.A.	€210 million	8.00%	2019	-	-	218.7	210.0
Senior notes	SFR Group S.A.	$2,400 million	4.88%	2019	-	-	2,182.4	2,204.5
Senior notes	Optimum	$526 million	8.63%	2019	552.0	499.0	-	-
Senior notes	Altice Finco S.A.	$425 million	9.88%	2020	425.4	403.2	408.4	391.4
Senior notes	Suddenlink	$1,500 million	6.38%	2020	1,463.9	1,423.0	1,345.1	1,377.8
Senior notes	Optimum	$500 million	8.00%	2020	518.8	474.3		-
Senior notes	Suddenlink	$1,250 million	5.13%	2021	1,192.1	1,185.9	1,026.2	1,148.2
Senior notes	Optimum	$1,000 million	6.75%	2021	1,023.4	948.7	-	-
Senior notes	Altice Luxembourg S.A.	$2,900 million	7.75%	2022	2,947.2	2,751.2	2,397.4	2,663.7
Senior notes	Altice Luxembourg S.A.	$2,075 million	7.25%	2022	2,220.3	2,075.0	1,931.0	2,075.0
Senior secured notes	Altice Financing S.A.	€300 million	6.50%	2022	315.0	300.0	314.5	300.0
Senior secured notes	Altice Financing S.A.	$900 million	6.50%	2022	890.1	853.8	816.3	826.7
Senior secured notes	SFR Group S.A.	$4,000 million	6.00%	2022	3,880.1	3,794.7	3,545.5	3,674.1
Senior secured notes	SFR Group S.A.	€1,000 million	5.38%	2022	1,050.0	1,000.0	1,022.5	1,000.0
Senior notes	Optimum	$650 million	5.88%	2022	600.3	615.7	-	-
Senior notes	Altice Finco S.A.	$250 million	9.00%	2023	284.4	250.0	278.3	250.0
Senior secured notes	Altice Financing S.A.	$2,060 million	6.63%	2023	2,012.9	1,954.3	1,863.8	1,892.2
Senior secured notes	Altice Financing S.A.	€500 million	5.25%	2023	530.0	500.0	498.3	500.0
Senior secured notes	Suddenlink	$1,100 million	5.38%	2023	1,082.7	1,043.5	1,015.4	1,010.4
Senior notes	Optimum[1]	$1,800 million	10.13%	2023	1,980.8	1,707.6	1,724.4	1,653.3
Senior notes	Altice Finco S.A.	$400 million	8.13%	2024	393.7	379.5	351.8	367.4
Senior secured notes	SFR Group S.A.	$1,375 million	6.25%	2024	1,314.2	1,304.4	1,218.8	1,263.0
Senior secured notes	SFR Group S.A.	€1,250 million	5.63%	2024	1,320.3	1,250.0	1,263.9	1,250.0
Senior notes	Optimum	$750 million	5.25%	2024	691.1	711.5	-	-
Senior notes	Altice Luxembourg S.A.	$1,480 million	7.63%	2025	1,474.2	1,404.0	1,162.3	1,359.4
Senior notes	Altice Luxembourg S.A.	€750 million	6.25%	2025	784.7	750.0	630.3	750.0
Senior notes	Altice Finco S.A.	$385 million	7.63%	2025	368.9	365.2	326.2	385.0
Senior notes	Suddenlink	$620 million	7.75%	2025	645.5	588.2	522.0	569.5
Senior secured notes	Optimum[1]	$1,000 million	6.63%	2025	1,034.1	948.7	955.3	918.5
Senior notes	Optimum[1]	$2,000 million	10.88%	2025	2,248.4	1,897.4	1,927.1	1,837.1
Senior secured notes	Suddenlink	$1,500 million	5.50%	2026	1,453.3	1,423.0	-	-
Senior secured notes	SFR Group S.A.	$5,200 million	7.38%	2026	5,028.3	4,923.6	-	-
Senior secured notes	Optimum	$1,310 million	5.50%	2027	1,249.0	1,242.8	-	-
Senior secured notes	Altice Financing S.A.	$2,750 million	7.50%	2027	2,700.2	2,608.9	-	-
Fair value adjustments [2]						(205.3)		-
Transaction costs						(505.3)		(600.4)
Total value of bonds					**46,370.7**	**43,427.5**	**29,663.80**	**29,924.30**
Of which due within one year					*919.1*	*909.6*	*29.7*	*29.7*
Of which due after one year					*45,451.6*	*42,517.9*	*29,634.1*	*29,894.6*

1) The 2015 debt under the Optimum name was issued by Neptune Finco Corp; this company was merged with Optimum prior to Optimum's acquisition by Altice N.V.
2) The fair value adjustments mainly relate to certain debts at Suddenlink and Optimum that were not refinanced at closing of the acquisition and hence included as identifiable liabilities as per the requirements of IFRS 3 – Business Combinations.

Details of the debt by issuer, and changes in the debt over the year ended December 31, 2016 are provided below:

17.1.1.1. SFR Group

SFR Group undertook refinancing activities during the year. On April 7, 2016, SFR Group announced the successful placement of a new 10-year Senior Secured Note for an aggregate amount of $5,200 million. The proceeds from this issuance were used to refinance the following debts:

- $2,400 million notes due 2019;
- €450 million drawn on the €1,125 million revolving credit facility (RCF); and
- €1,900 million term loan due 2019 (three tranches of €627.0 million, €399.0 million and $1,142.0 million respectively).

The debt was priced at 7.375%. The equivalent swapped coupon for the euro repayments is approximately 6.2%. At the date of the refinancing, the average maturity of SFR Group's debt increased from 5.8 years to 7.9 years.

As a result of the refinancing described above, the Group recognised a loss on extinguishment of a financial liability for an amount of €135.4 million during the year ended December 31, 2016.

17.1.1.2. Optimum

Optimum was acquired during the year, refer to note 3.3.1; the Group acquired the debentures as noted in the table above, which were not refinanced at closing.

During September 2016, Optimum issued new senior secured notes due April 2027 for an aggregate amount of $1,310 million with a coupon of 5.50%. On October 11, 2016, the proceeds from this issuance were used to partially repay an existing term loan, and at the same time an extended term loan was established, for an aggregate amount of $2,500 million. Refer to note 17.1.2.2 below.

As a result of the refinancing described above, the Group recognised a loss on extinguishment of a financial liability for an amount of €93.0 million during the year ended December 31, 2016.

17.1.1.3. Suddenlink

On April 20, 2016, Altice US Finance 1 Corporation, an indirect subsidiary of the Company, announced that it had successfully placed a new 10-year Senior Secured Bond for an aggregate amount of $1,500 million with a 5.5% coupon. The proceeds of this issuance were used to repay the $1,481 million aggregate amount of loans under Suddenlink's existing Term Loan facility maturing in 2019. At the date of the refinancing, the average maturity of Suddenlink was extended from 5.7 years to 7.3 years.

As a result of the refinancing described above, the Group recognised a loss on extinguishment of a financial liability for an amount of €22.3 million during the year ended December 31, 2016.

17.1.1.4. Altice Financing S.A.

On April 19, 2016, Altice Financing S.A. announced that it had successfully priced a new 10-year Senior Secured Note for an aggregate amount of $2,750 million paying a coupon of 7.5% (approximately 5.8% swapped into euros). The proceeds from this issuance were used to refinance the following debts:

- $460 million senior secured notes due 2019;
- €210 million senior secured notes due 2019;
- $1,013 million of loans under the 2019 Term Loan facility; and
- €855 million of loans under the 2022 Term Loan facility ($500 million and €400 million respectively).

At the date of the refinancing, the average maturity of debt of Altice Financing S.A was increased from 6.0 years to 7.7 years. As a result of this transaction, the Group recognised a loss on extinguishment of financial liabilities of €70.0 million during the year ended December 31, 2016.

17.1.1.5. HOT Telecom

There were no changes in the debentures issued by HOT Telecom during the year. These debentures have the following characteristics:

- HOT's Series A' debentures: €151 million, linked to the Consumer Prices Index for Tel Aviv. Series A' debentures which are repayable in 13 semi-annual payments commencing on September 30, 2012 and up to September 30, 2018. They bear yearly interest at a fixed rate of 3.9%.
- HOT's Series B' debentures: €127.5 million which bear yearly interest at a fixed rate of 6.9%. Series B' debentures are repayable in 13 semi-annual payments commencing on September 30, 2012 and up to September 30, 2018.

As the debentures are repaid semi-annually, a portion is classified as current liabilities as noted in the maturity table above.

17.1.2. Loans from financial institutions

Maturity of loans from financial institutions (€m)	< 1 year	One year or more	December 31, 2016	December 31, 2015
SFR Group	68.2	4,736.5	4,804.7	7,082.3
Optimum (incuding RCF)[1]	23.7	2,473.1	2,496.8	3,390.8
Suddenlink	7.7	763.5	771.2	2,089.1
Altice Corporate Financing	-	1,403.0	1,403.0	1,248.0
Altice Financing (including RCF)	314.9	433.8	748.7	2,194.6
Altice Customer Services	-	28.0	28.0	-
Others	5.2	30.2	35.4	34.6
Total	**419.8**	**9,867.9**	**10,287.7**	**16,039.4**

1) Neptune Finco Corp was merged with Optimum prior to the closing of the transaction

The decrease in the loans from financial institutions was mainly due to the prepayment of different term loan facilities by the Group during the year. The term loans were repaid prior to their maturity through the issuance of new debentures, as explained earlier in note 17.1.1.1. The following term loans were repaid as part of the refinancing:

- €1,900 million of SFR Group term loans due 2019 (three tranches of €627 million, €399 million and $1,142 million respectively);
- $1,013 million of Altice Financing Term Loans under the 2019 Term Loan facility;
- €855 million of Altice Financing Term Loans under the 2022 Term Loan facility ($500 million and €400 million respectively); and
- $1,481 million Term Loan issued by Suddenlink under the 2019 Term Loan facility.

In addition to these repayments, the Group also extended the maturities of the term loans totalling €2,300 million, the tranches extended comprised:

- $1,425 million due in 2024 (with principal repayments of 1% per annum), paying interest of Libor 3m+4.25% (with a 0.75% floor), and
- €850 million due in 2023 (with principal repayments of 1% per annum), paying interest of Libor 3m+3.75% (with a 0.75% floor).

Details on other changes in term loans within the Group were as follows:

17.1.2.1. SFR Group

On October 17, 2016, SFR Group debt comprising a $1,790 million Term Loan and a €700 million Term Loan were repriced. The Term Loans have a January 2025 maturity. The $1,790 million Term Loan is priced at 3.25% over LIBOR with a 0.75% LIBOR floor. The €700 million Term Loan is priced at 3.00% over EURIBOR with a 0.75% EURIBOR floor and is priced at par. The proceeds were used to repay the entire amount of the: (i) $550 million term loan due June 2022 (priced at L+381bps); (ii) the $1,340 million and €500 million term loans due January 2023 (priced at LIBOR + 4 00% and EURIBOR +4.00% respectively), and; (iii) €100 million of the aggregate principal amount outstanding under the RCF. The refinancing represents a significant reduction to the margins on the term loans being repaid. At the time of the refinance, the transaction improved SFR Group's debt maturity profile from 7.3 to 7.6 years and reduced the weighted average cost of debt from 5.3% to 5.2%.

17.1.2.2. Optimum

Optimum was acquired during the year, refer to note 3.3.1, and the Group acquired $3,800 million of term loans as part of the acquisition.

During September 2016, Optimum refinanced the existing term loans, it issued new senior secured notes due April 2027 for an aggregate amount of $1,310 million with a coupon of 5.50% and on October 11, 2016, the proceeds from this issuance were used to partially repay the existing term loan, and at the same time an extended term loan was established, for an aggregate amount of $2,500 million.

17.1.2.3. Altice Corporate Financing

In February 2016, the Group extended the maturity of the existing corporate facility at Altice Corporate Financing from May 2017 to March 2019 for an aggregate amount representing half of the original principal amount (€500 million). The Group drew an additional €315 million on the corporate facility in June 2016, in order to finance a

portion of the acquisition of Optimum. As the entire amount of the outstanding tranche (€500 million) was not drawn down, the maturity of the total amount of the corporate facility was subsequently extended to 2019 in June.

17.1.2.4. Suddenlink

On October 24, 2016, Suddenlink debt of $815 million Term Loans were repriced. The Term Loan has a January 2025 maturity and is priced at 3.00% over LIBOR with a 0.75% LIBOR floor and is priced at par. The proceeds were used to repay the entire amount of the $811 million term loan due December 2022 (priced at LIBOR +3.25% with a 1.00% floor). This refinancing represents a significant reduction to the cost of the term loan being repaid. At the time of the refinance, the transaction improved Suddenlink's debt maturity profile from 6.6 to 6.8 years and reduced the weighted average cost of debt from 5.4% to 5.3%.

17.2. Covenants

The debt issued by the subsidiaries of the Company is subject to certain restrictive covenants, which apply in the case of debt issued by:

- (i) Altice Luxembourg, to Altice Luxembourg and its restricted subsidiaries,
- (ii) Altice Financing S.A. and Altice Finco S.A., to Altice International S.à r.l and its restricted subsidiaries
- (iii) SFR Group, to SFR Group and its restricted subsidiaries,
- (iv) Cequel corporation and all its restricted subsidiaries and
- (v) Optimum, Cablevision Corporation and all its subsidiaries.

Other than the HOT debentures and the revolving credit facilities described below, such debt issued by the subsidiaries of the Company is subject to incurrence based covenants, which do not require ongoing compliance with financial ratios, but place certain limitations on the relevant restricted group's ability to, among other things, incur or guarantee additional debt (including to finance new acquisitions), create liens, pay dividends and other distributions to shareholders or prepay subordinated indebtedness, make investments, sell assets, engage in affiliate transactions or engage in mergers or consolidations. These covenants are subject to a number of important exceptions and qualifications.

In order to be able to incur additional debt under an applicable debt instrument, the relevant restricted group must either meet the ratio test described below (on a pro forma basis for any contemplated transaction giving rise to the debt incurrence) or have available capacity under the general debt basket described below or meet certain other exceptions to the limitation on indebtedness covenant in such debt instrument.

Senior Secured Debt is subject to an incurrence test of 3:1 (Adjusted EBITDA to Net Debt) and Senior Debt is subject to an incurrence test of 4:1 (Adjusted EBITDA to Net Debt), with the following exceptions:

- secured debt of the SFR Group is subject to an incurrence test of 3.25:1 (Adjusted EBITDA to Net Debt).
- new secured and unsecured debt issued by subsidiaries in the US is subject to an incurrence test of 5.5:1 Adjusted EBITDA to Net Debt).

During the year, new covenants were imposed on the Group, related to the debts acquired as part of the acquisition of Optimum (as described in note 3). The outstanding notes issued by Optimum are subject to covenant tests, being that the Cash Flow Ratio through Issuer must not exceed a ratio of 9:1. Cash Flow Ratio is the ratio of (a) the aggregate amount of outstanding Indebtedness (excluding certain interest rate swaps) plus the aggregate undrawn face amount of all outstanding letters of credit to (b) Annualized Operating Cash Flow (i.e., Operating Cash Flow for three complete consecutive calendar months for which financial information is available multiplied by four).

The Company or its relevant subsidiaries are allowed to fully consolidate the EBITDA from any subsidiaries in which they have a controlling interest and that are contained in the restricted group as defined in the relevant debt instruments.

The Group has access to various revolving credit facilities (refer note 17.5), which are subject to maintenance covenants. The terms of these facilities are no more restrictive than the incurrence covenants contained in other debt instruments.

The covenants for the RCFs that had been drawn on for the year ended December 31, 2016 are given below:

Facility	Amount (€m)	Financial covenant
Altice International	986.9	Consolidated net leverage ratio greater than or equal to 5.25:1
Optimum	2,182.0	Consolidated net senior secured leverage ratio 5:1

The Group was in compliance with all the covenants described above, as of December 31, 2016.

17.3. Derivatives financial instruments

As part of its financial risk management strategy, the Group has entered into certain hedging operations. These are split mainly into either fixed to fixed or floating to floating cross-currency and interest rate swaps ("CCIRS") that cover against foreign currency and interest rate risk, forward swaps that cover against foreign exchange risk only, or interest rate swaps covering interest rate risk only.

17.3.1. Derivatives designated as hedged instruments

The Group applies hedge accounting for those hedging operations that meet the eligibility criteria as defined by IAS 39. Refer to note 17.3.2 for derivatives that do not meet the hedge accounting criteria.

Where subsidiaries of the Group have issued debt in a currency that is different to the functional currency of the subsidiary, for example, issuing USD denominated debt in its European subsidiaries, the Group has entered into CCIRS in order to mitigate risks arising from the variations in foreign exchange rates. These instruments secure future cash flows in the subsidiaries functional currency and they are designated as cash flow hedges by the Group. The principal characteristics are given below:

Issuer	Hedged item	Hedged amount	Pay leg (US)	Receive leg (EUR)	Year of maturity
Fixed to fixed CCIRS					
Altice Luxembourg S.A.	$2,900 million senior notes	$2,900 million	7.75%	7.34%	2022
SFR Group S.A.	$4,000 million senior secured notes	$4,000 million	6.00%	5.15%	2022
Altice Financing S.A.	$2,060 million senior secured notes	$2,060 million	6.63%	5.30%	2023
SFR Group S.A.	$1,375 million senior secured notes	$1,375 million	6.25%	5.38%	2024
Altice Luxembourg S.A.	$1,480 million senior notes	$1,480 million	7.63%	6.50%	2025
Altice Finco S.A.	$385 million senior notes	$385 million	7.63%	6.25%	2025
SFR Group S.A.	$5,200 million senior secured notes				
	- Instrument 1	$2,400 million	7.38%	6.78%	2026
	- Instrument 2	$2,790 million	7.38%	5.75%	2026
Altice Financing S.A.	$2,750 million senior secured notes				
	- Instrument 1	$780 million	7.50%	5.80%	2026
	- Instrument 2	$541 million	7.50%	6.42%	2026
	- Instrument 3	$500 million	7.50%	6.04%	2026
Floating to floating CCIRS[1]					
SFR Group S.A.	$1,790 million term loan	$550 million	L + 3.25%	E + 2.73%	2022
SFR Group S.A.	$1,790 million term loan	$1,240 million	L + 4.00%	E + 4.15%	2023
SFR Group S.A.	$1,425 million term loan	$1,425 million	L + 4.25%	E + 4.57%	2024

1 The floating rate swaps have a floor of 0.75% on both the EURIBOR (E) and LIBOR (L) legs.

As part of the refinancing transactions the Group entered into new swaps and modified the conditions of existing swaps on the refinanced debt to maintain its hedging strategy. The following table provides a summary of the modified and new swap contracts that were designated as cash flow hedges during the year:

Fixed:fixed CCIRS	Nominal USD (m)	Nominal EUR (m)	USD/EUR exchange rate	Effective date	Maturity date[1]	USD coupon	EUR coupon	Modified / new
SFR Group[1]	2,400	1,736	1.3827	8/05/2014	15/07/2024	7.38%	6.78%	Modified
SFR Group	2,790	2,458	1.135	11/04/2016	15/04/2024	7.38%	5.75%	New
Altice Financing S.A.	779.2	686.4	1.1352	3/05/2016	15/07/2024	7.50%	5.573% to 5.816%	New
Altice Financing S.A.[2]	540.5	415.5	1.301	3/05/2016	15/07/2024	7.50%	5.91% to 6.4%	Modified
Altice Financing S.A.[2]	500	442.1	1.132	3/05/2016	15/07/2024	7.50%	5.95% to 6.06%	Modified
Floating:floating CCIRS								
SFR Group	1,425	1,030	1.3834	8/05/2014	15/01/2024	L+4.25%	E+4.570%	Modified

1) The modified fixed/fixed cross currency swap at SFR Group was previously designated as a hedged instrument and accounted for as a cash flow hedge since its inception.
2) The modified fixed/fixed cross currency swaps at Altice Financing were previously designated as held for trading and designated as fair value through profit and loss (FVTPL) instruments. Following the modifications, these instruments were designated as cash flow hedge instruments.
3) The floating/floating swap at SFR Group covers the principal and interest due at the maturity of the loan.

The change in fair value of all derivative instruments designated as cash flow hedges was recorded in other comprehensive income for the year ended December 31, 2016. Before the impact of taxes, losses of €734.4 million were recorded in other comprehensive income (€498.0 million net of taxes).

17.3.2. Derivatives not eligible for hedge accounting

The remainder of the Group's derivatives are not hedge accounted. The change in fair value of these derivatives is recognised immediately in profit or loss. A summary of Cross Currency Interest Rate Swaps ("CCIRS") instruments that the Group has entered into that were not eligible for hedge accounting is provided below:

Debt related to	Derivative amount	Pay/Receive	Maturity	Floating rate / fixed rate, spread
Coupon only CCIRS				
$2,750 million notes[1]	$225 million	ILS/USD	15/12/2017	ILS TELBOR 3M / 5.9% - 7.6%
$2,750 million notes[1]	€100 million	ILS/EUR	15/12/2017	ILS TELBOR 3M / 5.775%
$425 million notes	$200 million	ILS/USD	15/12/2017	ILS TELBOR 3M / 8.0% - 9.7%
$2,750 million notes[1]	$292.8 million	ILS/USD	15/11/2018	ILS TELBOR 3M / 5.0% - 5.6%
Forward transactions on Coupon only CCIRS				
$2,750 million notes[1]	$225 million	ILS/USD	15/12/2017	4.29-4.33 ILS/USD
$2,750 million notes[1]	€100 million	ILS/EUR	15/12/2017	5.439 ILS/USD
$425 million senior notes	$200 million	ILS/USD	15/12/2017	4.29-4.33 ILS/USD
Forward transactions on principal payments due at maturity				
$885 million notes[2]	$550 million	ILS/USD	15/12/2017	4.281-4.33 ILS/USD
$885 million notes[2]	$239.5 million	ILS/USD	15/12/2017	3.678 ILS/USD
$2,750 million notes[1]	$292.8 million	ILS/USD	15/11/2018	3.678 ILS/USD

1 The $2,750 million notes were issued during the year and refinanced debt as described earlier in note 17.
2 These notes include the $425 million note, plus the $460 million notes that were refinanced with the $2,750 million notes during the year.

In addition, the Group enters interest rate swaps to cover its interest rate exposure in line with its treasury policy. These swaps cover the interest Group's debt portfolio and do not necessarily relate to specific debt issued by the Group. The details of the new swaps are provided below:

Issuer	Derivative nominal value	Pay leg	Receive leg	Year of maturity
SFR Group	€4,000 million	Euribor 3m	-0.12%	2023
Altice Financing S.A.	$750 million	Euribor 3m	-0.13%	2023
Altice Financing S.A.	$720 million	1.81%	Libor 6m	2026
Suddenlink	$750 million	1.68%	Libor 6m	2026
Suddenlink	$750 million	1.67%	Libor 6m	2026

17.4. Reconciliation to swap adjusted debt

As mentioned in the note above, the Group has entered into various hedge transactions in order to mitigate interest rate and FX risks on the different debt instruments issued by the Group. Such instruments cover both the principal and the interests due on different debts (both debentures and loans from financial institutions).

A reconciliation between the carrying amount of the Group's financial debt and the due amount of the debts after taking into account the effect of the hedge operations (the "Swap adjusted debt") are given below:

Reconciliation of debentures and loans from financial institutions to swap adjusted debt (€m)	December 31, 2016
Debentures and loans from financial institutions (as reported in the Statement of Financial Position)	**53,715.2**
Transaction costs	676.4
Fair value adjustments	205.3
Total (excluding transaction costs and fair value adjustments)	**54,596.9**
Conversion of debentures and loans in foreign currency (at closing spot rate)	(22,300.4)
Conversion of debentures and loans in foreign currency (at hedged rates)	18,886.6
Total swap adjusted value	**51,183.2**

17.5. Available credit facilities

Available credit facilities (€m)	Total facility	Drawn
Optimum	2,182.0	166.3
SFR	1,125.0	-
Altice Financing S.A.	986.9	310.0
Suddenlink	332.0	-
Altice Luxembourg S.A.	200.0	-
Revolving credit facilities	**4,825.9**	**476.3**
Altice Financing S.A.	15.0	-
Guarantees	**15.0**	**-**
Total	**4,840.9**	**476.3**

Optimum and Suddenlink have outstanding letters of credit totalling €101.7 million, which reduces the amounts available to be drawn against their total revolving credit facilities.

17.6. Other financial liabilities

Other financial liabilities are summarised below.

Non-current portion of €4,480.0 million comprises mainly:

- The re-measurement of the put option held by non-controlling interests in CVC 2 B.V., totalling €2,812.3 million (2015: €748.0 million). This increase is mainly explained by the completion of the Optimum acquisition and an additional investment by the minority investors in Suddenlink into CVC 2 B.V. to retain a 30.0% stake in the combined Suddenlink and Optimum.
- The non-current portion of a collateralised debt issued by Optimum, amounting to €629.6 million. This debt is guaranteed by an investment in the common stock of Comcast Corporation held by Optimum and recorded as a financial asset for the year ended December 31, 2016. Optimum holds 21,477,618 shares of Comcast common stock that were acquired in connection with the sale of certain cable systems in prior years. Refer to note 9 for details about the investment.
- Loans provided by the non-controlling interests in the combined Suddenlink and Optimum group for an aggregate amount of €498.1 million, refer also to the related parties description in note 30 for further discussion of these loans.
- As part of the acquisition of GNP and the subsequent minority investment in Altice Content Luxembourg, the Group has entered into a put agreement with the non-controlling interests. As per the requirements of IAS 39, the put was measured and recorded at its fair value of €61.8 million.
- As part of the acquisition of Altice Customer Services during the year, the Group entered into a put agreement with the non-controlling interests. As per the requirements of IAS 39, the instrument was measured and recorded at its fair value: €39.0 million.

The current portion of €3,491.9 million comprises mainly:

- The current portion of the collateralised debt mentioned at Optimum, an aggregate amount of €590.1 million.
- Loans provided by the minority investors to CVC 1 B.V. as part of the acquisition of Suddenlink for an aggregate of €220.4 million, including accrued interest. Refer also to the related parties description in note 30 for further discussion of these loans.
- Debts related to securitisation and reverse factoring:

  - at SFR Group of €263.0 million for securitisation and €374.0 million, which was a total increase of €225.0 million from 2015, and
  - across the remainder of the Group, combined liabilities of €164.6 million, an increase of €53.5 million from 2015.
- The issuance of unsecured commercial paper by SFR Group for an aggregate amount of €249.0 million.
- A vendor note amounting to €100.0 million related to SFR Group's acquisition of AMG; this note has a coupon of 3.8% and is due to mature on May 24, 2017. Refer also to the related parties description in note 30.
- Accrued interest of €1,358.2 million, which increased from €764.2 million in 2015 due to the increased debt portfolio following the acquisition of Optimum during the year.
- The increase compared to 2015 was partially offset by a decrease in bank overdrafts from €126.7 million to €59.6 million.

17.7. Maturity of financial liabilities

Maturity of financial liabiities (€m)	Less than 1 year	Between 1 and 5 years	More than 5 years	December 31, 2016
Loans, debentures and related hedging instruments	1,342.3	16,237.2	36,589.2	54,168.7
Finance leases	79.1	102.7	27.9	209.7
Accrued interest	1,358.2	-	-	1,358.2
Bank overdraft	59.6	-	-	59.6
Other financial liabilities	1,994.9	918.7	3,430.6	6,344.2
Nominal value of borrowings	**4,834.2**	**17,258.6**	**40,047.7**	**62,140.5**

Maturity of financial liabiities (€m)	Less than 1 year	Between 1 and 5 years	More than 5 years	December 31, 2015
Loans, debentures and related hedging instruments	352.4	12,742.2	32,968.9	46,063.5
Finance leases	67.5	100.4	-	167.9
Accrued interest	764.2	-	-	764.2
Bank overdraft	126.6	-	-	126.6
Other financial liabilities	534.1	717.5	744.0	1,995.6
Nominal value of borrowings	**1,844.8**	**13,560.1**	**33,712.9**	**49,117.8**

17.8. Currency of borrowings

Currency of borrowings (€m)	Euro	US Dollar	Israeil Shekel	Others	December 31, 2016
Loans, debentures and related hedging instruments	10,601.6	43,268.9	235.9	62.2	54,168.7
Finance leases	140.5	28.9	7.0	33.2	209.7
Accrued interest	297.2	1,057.9	3.2	-	1,358.2
Bank overdraft	52.8	-	-	6.8	59.6
Other financial liabilities	1,655.9	4,601.7	86.3	0.3	6,344.2
Nominal value of borrowings	**12,748.0**	**48,957.4**	**332.5**	**102.6**	**62,140.5**

Currency of borrowings (€m)	Euro	US Dollar	Israeil Shekel	Others	December 31, 2015
Loans, debentures and related hedging instruments	11,474.9	34,299.8	254.7	34.1	46,063.5
Finance leases	73.2	84.5	9.1	1.0	167.8
Accrued interest	138.3	622.7	3.3	-	764.3
Bank overdraft	0.9	125.6	-	-	126.5
Other financial liabilities	82.0	1,866.4	40.8	6.5	1,995.7
Nominal value of borrowings	**11,769.3**	**36,999.0**	**307.9**	**41.6**	**49,117.8**

17.9. Nature of interest rate

Nature of interest rate	December 31, 2016			December 31, 2015		
(€m)	Fixed	Floating	Total	Fixed	Floating	Total
Loans, debentures and related hedging instruments	44,126.2	10,042.5	54,168.7	29,928.4	16,135.0	46,063.4
Finance leases	209.7	-	209.7	167.9	-	167.9
Accrued interest	1,329.5	28.8	1,358.2	634.2	130.0	764.2
Bank overdraft	59.6	-	59.6	126.6	-	126.6
Other financial liabilities	5,727.9	616.4	6,344.3	1,995.7	-	1,995.7
Nominal value of borrowings	**51,452.9**	**10,687.7**	**62,140.5**	**32,852.8**	**16,265.0**	**49,117.8**

18. Financial risk factors

In the course of its business, the Group is exposed to several financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk) and other risks, including equity price risk. This note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Financial risk management is an integral part of the way the Group is managed. The Board of Directors establishes the Group's financial policies and the executive management establishes objectives in line with these policies. The Group is not subject to any externally imposed capital requirements.

18.1. Credit risk

The Group does not have significant concentrations of credit risk. The credit risk may arise from the exposures of commitments under a number of financial instruments with one body or as the result of commitments with a number of groups of debtors with similar economic characteristics, whose ability to meet their commitments could be similarly affected by economic or other changes.

The Group's income mainly derives from customers in Europe (France, Portugal, Belgium, Luxembourg and Switzerland), the United States, Israel, in Dominican Republic and in the French Overseas Territories. The Group regularly monitors its customers' debts and provisions for doubtful debts are recorded in the consolidated financial statements, which provide a fair value of the loss that is inherent to debts whose collection lies in doubt.

Additionally, retail customers represent a major portion of revenues and these clients generally pay in advance for the services they buy, or in more significant regions, such as France, retail customers generally pay using direct debit, a practice that reduces the Group's credit risk.

The Group does not have significant concentration of credit risk, as a result of the Group's policy, which ensures that the sales are mostly made under standing orders or via credit cards.

18.2. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which manages liquidity risk by maintaining adequate reserves, banking facilities and reserves borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group has a strong track record of driving operating free cash flow generation and specializes in turning around struggling businesses and optimizing the cash generation of existing businesses. As all external debt is issued and managed centrally, executive Directors of the Group have a significant amount of control and visibility over the payments required to satisfy obligations under the different external debts.

Additionally, the Group has access to undrawn revolving credit facilities for an aggregate amount of €4,262.9 million (after having drawn €476.3 million as of December 31, 2016, and €101.7 million was issued in letters of credit in the US, further reducing the amount able to be drawn) to cover any liquidity needs not met by operating cash flow generation.

18.3. Market risks

The Group is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and anticipated future transactions.

18.3.1. Interest rate risk

Interest rate risk comprises the interest price risk that results from borrowings at fixed rates and the interest cash flow risk that results from borrowings at variable rates.

The Company has an exposure to changes of interest rate in the market, deriving from long-term loans that have been received and which bear variable rate interest.

Interest structure of non-current financial debt (€m)	December 31, 2016	December 31, 2015
Financial debt at fixed rates	51,452.9	32,848.9
Financial debt at variable rates	10,687.7	16,264.9
Total	**62,140.6**	**49,113.8**

The Group's proportion of variable rate debt decreased from 33% for the year ended December 31, 2015 to 17% for the year ended December 31, 2016. When it can, the Group endeavours to issue fixed rate debt (which also typically offers longer maturities).

The Group has entered into different hedging contracts to manage interest rate risk related to debt instruments with variable interest rates. See note 17.3 for more information.

No sensitivity analysis was performed on the impact of an increase of interest rates applicable to floating rate debt, given the Euribor/Libor floor in place. The Group does not expect that in a near future a reasonable change in interest rate would lead to Euribor/Libor rate greater than the floor rate.

18.3.2. Israeli CPI risk

The Group has borrowed from banks and issued debentures that are linked to the changes in the Israeli CPI (Consumer Price Index). Also, the Group has deposits and gave loans that are linked to the changes in the Israeli CPI. The net amount of the financial instruments that are linked to the Israeli CPI and for which the Company is exposed to changes in the Israeli CPI amounted to approximately €129.7 million (525 million Israeli Shekel) as of December 31, 2016 (€181.5 million or 771 million Israeli Shekel as of December 31, 2015).

18.3.3. Foreign currency risk

The Group is exposed to foreign currency risk from transactions and translation. Transactional exposures are managed within a prudent and systematic hedging policy in accordance with the Company's specific business needs. Translation exposure arises from the consolidation of the financial statements of foreign operations in euros, which is, in principle, not hedged. The Group's objective is to manage its foreign currency exposure through the use of currency forwards, futures and swaps.

The Group estimates that a 10% variation of foreign currencies against euro parity is a relevant change of variables and reasonably possible risk in any given year. The table below provides the assessment of the impact of a 10% change in foreign currencies against euro on net result and reserves.

Sensitivity to variations in exchange rates	December 31, 2016				
(€m)	USD	ISL	CHF	DOP	Total
Profit for the year					
Increase of 10% in exchange rate	(64.1)	(9.0)	0.6	(4.9)	**(77.3)**
Decrease of 10% in exchange rate	64.1	9.0	(0.6)	4.9	**77.3**
Equity					
Increase of 10% in exchange rate	(120.5)	(35.8)	(1.0)	(19.9)	**(177.3)**
Decrease of 10% in exchange rate	120.5	35.8	1.0	19.9	**177.3**

Sensitivity to variations in exchange rates	December 31, 2015				
(€m)	USD	ISL	CHF	DOP	Total
Profit for the year					
Increase of 10% in exchange rate	(8.8)	1.4	(1.1)	(4.3)	**(12.8)**
Decrease of 10% in exchange rate	8.8	(1.4)	1.1	4.3	**12.8**
Equity					
Increase of 10% in exchange rate	(28.8)	99.5	0.5	0.8	**72.0**
Decrease of 10% in exchange rate	28.8	(99.5)	(0.5)	(0.8)	**(72.0)**

On the basis of the analysis provided above, the Board of Directors believes that the Group's exposure to FX rate risks is limited. Exchange differences recorded in the income statement represented a loss of €11.5 million in 2016 (2015: loss of €45.1 million).

Additionally, the Group is exposed to foreign currency risk on the different debt instruments that it has issued over time. The Board of Directors believes that the FX price risk related to such debt issuance is limited as:

- Foreign currency debt issued in currencies other than Euros or USD is borne by companies that have

issued such debt in their functional currencies.

- New USD debt issued by the Group has served to finance the acquisitions of Suddenlink and Cablevision ($10,320 million), which leads to natural hedging of the interest payments.
- A portion of the USD debt issued by SFR Group and other subsidiaries of the Group is hedged to manage the associated FX risk. A reconciliation between the nominal amount of the total debt measured at its balance sheet rate and the swap adjusted debt is presented in note 17.

18.3.4. Price risk

The Group has investments in listed financial instruments, shares and debentures that are classified as available-for-sale financial assets and financial assets at fair value through profit or loss in respect of which the Group is exposed to risk of fluctuations in the security price that is determined by reference to the quoted market price. As of December 31, 2016, the carrying amount of these investments was €12.0 million (€6.5 million as of December 31, 2015).

19. Fair value of financial assets and liabilities

19.1.1. Fair value of assets and liabilities

Fair values of assets and liabilities	**December 31, 2016**		**December 31, 2015**	
(€m)	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial assets	697.3	697.3	-	-
Derivative instruments[1]	61.3	61.3	-	-
Cash and cash equivalents	1,109.1	1,109.1	2,527.0	2,527.0
Restricted cash	202.0	202.0	7,737.0	7,737.0
Current assets	**2,069.7**	**2,069.7**	**10,264.0**	**10,264.0**
Available for sale financial assets	12.0	12.0	6.5	6.5
Derivative instruments[1]	2,568.8	2,568.8	2,548.7	2,548.7
Other financial assets	1,034.9	1,034.9	267.6	267.0
Non-current assets	**3,615.8**	**3,615.8**	**2,822.8**	**2,822.2**
Short term borrowings, financial liabilities and hedging instruments	1,342.3	1,342.3	380.6	380.6
Other financial liabilities	3,491.9	3,491.9	1,488.5	1,488.5
Current liabilities	**4,834.2**	**4,834.2**	**1,869.1**	**1,869.1**
Long term borrowings, financial liabilities and hedging instruments	52,826.3	55,328.6	45,682.8	45,447.8
Other financial liabilities	4,480.0	4,480.0	1,565.9	1,565.9
Non-current liabilities	**57,306.3**	**59,808.6**	**47,248.7**	**47,013.7**

1. Includes the derivatives related to the investment in the common shares of Comcast Corporation, refer to note 9.

During the year there were no transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements. The Group's trade and other receivables and trade and other payables are not shown in the table above as their carrying amounts approximate their fair values.

19.1.2. Fair value hierarchy

The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Fair value measurement (€m)	**Note**	**Fair value hierarchy**	**Valuation technique**	**December 31, 2016**	**December 31, 2015**
Financial Liabilities	**17**				
FX forward contracts and interest rate swaps		Level 2	Discounted cash flows	440.9	99.7
Minority Put Option - CVC 1 B.V.		Level 3	Discounted cash flows	2,812.3	748.0
Minority Put Option - Intelcia		Level 3	Discounted cash flows	39.0	-
Minority Put Option - GNP		Level 3	Discounted cash flows	61.8	-
Financial Assets	**9**				
Interest rate swaps		Level 2	Discounted cash flows	2,630.1	2,530.2
Minority Call options - CVC 1 B.V.		Level 3	Black and Scholes model	1.7	18.5
Minority Call option - Parilis		Level 3	Black and Scholes model	20.2	-
Minority Call option - Intelcia		Level 3	Black and Scholes model	6.5	-
Conversion option GNP		Level 3	Black and Scholes model	-	12.5
Available for sale assets - Wananchi		Level 3	Discounted cash flows	1.2	1.2
Available for sale assets - Partner Co. Ltd.		Level 1	Quoted share price	5.9	5.3

19.1.3. Reconciliation of movement in fair value of Level 3 financial instruments

Change in fair value of level 3 instruments (€m)	**Available for sale unlisted shares**	**Minority put options**	**Minority call options**	**December 31, 2016**
Opening balance	**1.2**	**(748.0)**	**31.0**	**(715.8)**
Additions	-	(2,102.5)	26.8	(2,075.7)
Change in value of minority put options recorded in equity	-	(62.6)	-	(62.6)
Gains or losses recognised in profit or loss	-	-	(29.4)	(29.4)
Closing balance	**1.2**	**(2,913.1)**	**28.4**	**(2,883.5)**

Change in fair value of level 3 instruments (€m)	**Available for sale unlisted shares**	**Minority put options**	**Minority call options**	**December 31, 2015**
Opening balance	**36.5**	**-**	**-**	**36.5**
Additions	-	(748.0)	31.0	(717.0)
Gains or losses recognised in profit or loss	(35.3)	-	-	(35.3)
Closing balance	**1.2**	**(748.0)**	**31.0**	**(715.8)**

20. Obligations under leases

The Group leased certain of its office facilities and datacenters under financial leases. The Group has options to purchase the assets for a nominal amount at the end of the lease terms. Obligations under finance leases are secured by the lessors' title to the leased assets.

In addition, the Group has operating leases relating to building space and other technical assets and other assets such as automobiles under long term contracts.

The future minimum lease payments on operating and finance leases to which the Group is committed are shown as follows:

Lease obligations	**December 31, 2016**		**December 31, 2015**	
(€m)	**Operating leases**	**Finance leases**	**Operating leases**	**Finance leases**
Less than one year	548.0	83.7	360.4	70.6
Between one and two years	371.4	44.9	298.5	30.6
Between two and three years	331.3	22.4	261.7	15.9
Between three and four years	287.7	19.3	238.6	14.9
Five years and beyond	1,056.4	47.0	857.2	44.0
Total minimum payments	**2,594.7**	**217.3**	**2,016.4**	**176.0**
Less: future finance expenses		(7.6)		(8.4)
Nominal value of contracts		**209.7**		**167.6**
Included in the consolidated financial statements as:				
- Current borrowings (note 16)		79.1		67.5
- Non-current borrowings (note 16)		130.6		100.4

In some cases, the rental space under contract may be sublet, which generates revenues and hence reduces the obligation under such leasing contracts. The minimum leases payments are presented after including such revenues that amounts to €334.0 million (2015: €316.0 million).

21. Trade and other payables

Trade and other payables (€m)	**December 31, 2016**	**December 31, 2015**
Trade payables	4,953.3	4,524.9
Fixed asset payables	1,209.2	895.6
Corporate and social security contributions	716.8	476.2
Indirect tax payables	828.3	535.6
Other payables	5.8	(8.7)
Total	**7,713.4**	**6,423.6**

The increase in trade and other payables is mainly due to the acquisition of entities during the year. included in trade payables is a €12 million payable to Next Alt, refer to note 30 for further details on this related party payable.

22. Other liabilities

Other liabilities (€m)	December 31, 2016	December 31, 2015
Deferred revenue	812.8	913.9
Other	209.9	127.1
Current liabilities	**1,022.7**	**1,041.0**
Fixed asset payables	332.6	444.6
Deferred revenue	394.0	321.4
Other	151.8	48.8
Non-current liabilities	**878.4**	**814.7**
Total	**1,901.1**	**1,855.7**

22.1. Deferred revenues

Current deferred revenues refer to revenues recognized from customers billed in advance of the monthly cut-off as well as those generated by sales of prepaid mobile contracts at SFR Group, PT Portugal and Altice Hispaniola. Non-current deferred revenues result from multi-year contracts with business customers.

22.2. Fixed asset payables

Fixed asset payables mainly related to payments due to suppliers of premium sports content acquired by the Group during the course of 2016 (see note 4.3.4).

22.3. Other

The increase in other current liabilities was mainly due to factoring payables at the newly acquired subsidiaries ATS, for a total amount of €44.0 million.

23. Taxation

Tax expense (€m)	December 31, 2016	December 31, 2015 (revised*)
Current tax	(327.5)	(323.5)
Deferred tax	505.2	92.8
Total	**177.7**	**(230.7)**

(*) For the revision impact please see note 35

23.1. Reconciliation to effective tax rate

Reconciliation between effective tax rate and theoretical tax rate (€m)	December 31, 2016	December 31, 2015 (revised*)
Loss for the year	**(1,861.5)**	**(301.2)**
Share of (loss)/profit in associates	(2.5)	8.1
Tax charge (expenses)/income	177.7	(230.7)
Profit/(loss) before income tax and associates	**(2,036.7)**	**(78.5)**
Statutory tax rate in the Netherlands	25.0%	25.0%
Income tax calculated on theoretical tax	509.2	19.6
Impact of:		
Differences between Parent company and foreign income tax rates	200.6	(79.1)
Effect of permanent differences[1]	(170.4)	(125.1)
Effect of SFR earnout[2]	-	285.0
Recognition of tax losses and variation in related allowances[3]	(263.9)	(175.6)
French business tax (see note 2.27)	(49.0)	(41.0)
Effect of change in tax rate[4]	(19.7)	(26.7)
Other movements	(29.1)	(87.8)
Income tax (expense)/income	**177.7**	**(230.7)**
Effective tax rate	8.7%	-293.8%

(*) For the revision impact please see note 35
1 Permanent differences are mainly due to financial interests that are non-deductible, penalties and other non-deductible expenses.
2 Effect of SFR earnout (see note 27)
3 Recognition of tax losses and variation in tax allowance line is related mainly to the non-recognition of the tax losses of Holding companies.
4 Change in tax rate is mainly related to:
(i) in the US, a non-cash deferred tax charge resulting from an increase in the applicable tax rate used to measure the deferred taxes of

Suddenlink pursuant to joining Optimum in its consolidated tax group.

(ii) in France, Article 11 of the Budget Act 2017 prescribes a progressive decrease of the income tax rate at 28.0% (28.9% included the social surtax of 3.3%) after 2020 for all companies. This new rate was applied to all temporary differences whose maturity appears the earliest in 2020. For the financial statements as of December 31, 2015, the rate used to calculate deferred taxes decreased from 38% to 34.43%.

23.2. Deferred tax

The following tables show the deferred tax balances before netting deferred tax assets and liabilities by fiscal entity, the components of deferred tax:

Components of deferred tax balances (€m)	**December 31, 2016**	**December 31, 2015 (revised*)**
Employee benefits	410.4	348.4
Other temporary non-deductible provisions	201.0	142.6
Fair value adjustment (derivative)	122.0	(86.2)
Difference between tax and accounting depreciation[1]	(10,178.2)	(3,783.4)
Other temporary tax deductions	96.9	93.8
Net operating losses and tax carry forward, net of allowance	1,653.8	1,097.9
Valuation allowance on defered tax asset	(266.7)	(253.2)
Total	**(7,960.7)**	**(2,440.2)**
Comprising:		
Deferred tax assets	113.6	38.3
Deferred tax liabilities	(8,074.3)	(2,478.6)

(*) For the revision impact please see note 35

1 The increase in the line 'Difference between tax and accounting depreciation' is mainly related to the deferred tax liabilities related to the purchase price allocation performed for Optimum in 2016.

Variation in deferred tax balances (€m)	**December 31, 2016**	**December 31, 2015 (revised*)**
Opening balance	**(2,440.2)**	**(1,181.0)**
Deferred tax on income	505.2	92.8
Deferred tax on shareholder's equity	199.8	18.1
Change in consolidation scope	(5,873.0)	(1,363.7)
Currency translation adjustment	(352.4)	(6.4)
Closing balance	**(7,960.7)**	**(2,440.2)**

(*) For the revision impact please see note 35

23.3. Net operating losses and carried forward tax credits

Deferred tax assets related to carried forward tax credit on net operating losses expire in the following years:

Variation in deferred tax balances (€m)	**December 31, 2016**	**December 31, 2015**
Within one year	2.5	73.2
Between two and five years	9.7	26.8
More than five years	1,455.6	790.1
Unlimited	1,645.8	1,637.4
Net operating losses and tax carry forward, gross	**3,113.6**	**2,527.5**
Valuation allowance	(1,459.7)	(1,429.6)
Net operating losses and tax carry forward, net	**1,653.8**	**1,097.9**

Net operating losses and tax carry forward are related mainly to holding companies as well as SFR Group, PT Portugal and the subsidiaries in the US. The increase in net operating losses and tax carry forward is largely related to the acquisition of Optimum (refer note 3.3.1). The Group does not believe that the unrecognized deferred tax losses can be used given the Group's current structure, but the Group will continue exploring opportunities to offset these against any future profits that the Company or its subsidiaries may generate.

23.4. Tax litigation

This note describes the new proceedings and developments in existing tax litigations that have occurred since the publication of the consolidated financial statements for the year ended December 31, 2015 and that have had or that may have a significant effect on the financial position of the Group.

23.4.1. SFR Group

23.4.1.1. NC Numericable

The French tax authorities have conducted audits of various Group companies since 2005 with respect to the VAT rates applicable to multi-play offerings. Under the French General Tax Code, television services are subject to a reduced VAT rate of 5.5%, which was increased to 7% as of January 1, 2012 and to 10% from January 1, 2014, while Internet and telephony services are subject to the normal VAT rate of 19.6%, increased to 20% from January 1, 2014. When marketing multi-play offerings, the Group applies a price reduction on the price the Group would charge for these services on a stand-alone basis. This discount is primarily applied to the portion of its multi-play offers corresponding to its Internet and telephony services; the television service is the principal offer of the audited companies. As a result, the VAT charged to the Group's multi-play subscribers is lower than if the discount applied to the television portion of its packages or if it were prorated on all services.

The French tax authorities assert that these discounts should have been calculated pro rata of the stand-alone prices of each of the services (television, broadband Internet, fixed-line and/or mobile telephony) included in the multi-play packages of the Group and proposed adjustments for fiscal years 2006 to 2010.

The Group has also received proposed adjustments for fiscal years 2011 and 2012 for NC Numericable, Numericable and Est Vidéocommunication primarily affecting the application of the VAT on the multi-play offers, despite the change in rules on January 1, 2011 that supports the Group's practice in this area.

On February 1, 2016, the Company received notice of a tax audit from the French tax authorities for fiscal years 2013 and 2014 and on August 8, 2016 for the first half of 2016.

The Group is disputing all of the proposed reassessments planned and has initiated appeals and dispute proceedings, which are at different stages, depending on the fiscal year in question for each of the fiscal years subject to reassessments.

The proposed assessments have been provisioned in the financial statements as of December 31, 2016 in the amount of €68 million.

23.4.1.2. SFR

In a proposed adjustment received on December 23, 2014, the tax authorities have contested the merger of Vivendi Telecom International (VTI) and SFR dated December 12, 2011 and therefore intend to challenge SFR's inclusion in the Vivendi tax consolidation group for fiscal year 2011. The tax authorities thus intended to tax SFR separately from the Vivendi tax consolidation group, leading to a corporate tax of €711 million (principal) plus late interest and surcharges amounting to €663 million, for a total adjustment of €1,374 million. It should be noted that, under the agreement signed on February 27, 2015 by Vivendi, Altice France and Numericable-SFR, Vivendi agreed to repay to SFR, if applicable, any taxes and levies charged to SFR for fiscal year 2011, which SFR had already paid to Vivendi at the time, subject to a maximum €711 million, if the 2011 merger of SFR and VTI is ruled invalid for tax purposes. SFR believes it has strong legal grounds to defend the merger.

At the same time, an accounting audit of the years 2012 and 2013 led the tax authorities to make various adjustments in the principal amount of the corporate tax. The company, which is disputing the assessments proposed, recognized a provision of €47 million at December 31, 2016. Finally, the tax authorities notified the Company of a tax audit during the first semester of 2016.

23.4.2. Dominican Republic

On October 26, 2016, the Group has reached an agreement with the Dominican Republic Tax Authorities related to the level of deductibility of the financial interests related to financial liabilities. The agreement covers fiscal years 2014 to 2016 and agrees the deductibility ratio for each local company (Tricom S.A and Altice Hispaniola S.A). As of December 31, 2016, €41.6 million was recorded in the consolidated financial statements to reflect the impact of the transaction.

23.4.3. PT Portugal

The Company estimates that the probable tax contingencies arising from tax audits conducted by Portuguese tax authorities on various Group companies amount to €28.7 million. In addition, Meo received Value Added Tax ("VAT") assessments for 2012 and 2013 related to indemnities charged as result of the breach of loyalty contracts by post-paid customers.

24. Operating expenses

Operating expenses (€m)	December 31, 2016	December 31, 2015
Technical and maintenance costs	(1,344.4)	(1,038.2)
Customer services	(826.6)	(676.4)
Business Taxes	(308.6)	(254.9)
Sales and marketing expenses	(942.2)	(848.9)
General and administrative expenses	(511.1)	(415.3)
Total	**(3,932.9)**	**(3,233.7)**

25. Equity based compensation

25.1. Overview of the stock option plans

25.1.1. Altice N.V.

As part of the creation of Altice N.V. in 2015 through the cross-border merger (refer to note 1), the Group adopted a new remuneration policy and company stock options were issued to executive directors and some senior management of the Group.

The stock option plan ("SOP") issued by the Company has been considered as a replacement of equity instruments issued by Altice S.A. and was based on the fair value of the new SOP at the modification date. The Company continues to expense the initial fair value not yet recognised over the original vesting period. The expenses associated with the issuance of these stock options were calculated and recorded in accordance with IFRS 2 – Share Based Payments.

Each option granted entitles the holder to acquire one Common Share A 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.

Compared to the year ended December 31, 2015, the Group has made amendments to the stock option plan ("SOP"), and instituted a new Long Term Incentive Plan ("LTIP") and made grants under these plans. Under the amended plan, grants of new awards will comprise 50% equity and 50% cash components; in contrast the original SOP, was 100% equity based. The vesting of these awards will differ based on whether the employee had received grants under the original SOP. For employees who had previously received awards, future grants will vest 100% three years following grant date. The vesting of awards granted to employees the first time will follow the vesting pattern of the original SOP (i.e. 50% two years from grant date and 25% in each of years three and four following grant date). All cash components to these awards are subject to performance criteria. During the year ended December 31, 2016, the Group incurred expenses of €3.5 million related to the cash component.

The options were valued using the Black and Scholes model, considering the modalities of the options as described in the SOP.

25.1.2. Optimum and Suddenlink carried unit plan

In July 2016, certain employees and affiliates of Suddenlink and Optimum received awards of units in a Carried Unit Plan of an entity which has an ownership interest in Neptune Holding.

The awards generally will vest as follows:
- 50% on the second anniversary of June 21, 2016 ("Base Date"),
- 25% on the third anniversary of the Base Date, and
- 25% on the fourth anniversary of the Base Date.

Prior to the fourth anniversary, the Company has the right to repurchase vested awards held by employees upon their termination. Beginning with the fourth anniversary, employees have the right to sell their vested units to the Company.

The carried unit plan is measured based on the fair value of the award at grant date. An option pricing model was used which requires subjective assumptions for which changes in these assumptions could materially affect the fair value of the carry units outstanding. Beginning on the fourth anniversary of the Base Date, the holders of carry units have an annual opportunity to sell their units back to the Company.

As the employees have the option to sell the shares back to the Company in exchange for cash proceeds, the plan is accounted for as a cash settled equity plan and hence recorded as a liability on the balance sheet at its fair value. The fair value is revised at each reporting period and the difference in fair value is reported as an expense/income in the consolidated statement of profit and loss.

25.1.3. SFR Group

In addition, the Board of Directors of SFR Group adopted, starting from 2013, stock option plans for its employees and key management personnel. The exercise of options is subject to conditions of presence and performances (based on consolidated revenue and EBITDA-capex).

The vesting occurs in three periods:
- 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.

25.2. Summary of grants and fair value of the stock options

For the year ended December 31, 2016, the Group has recorded €85.1 million as expenses related to stock options in the line item "staff costs and employee benefits" (2015: €28.0 million):
- €62.3 million for employees in the US subsidiaries, Optimum and Suddenlink (2015: nil)
- €18.8 million for Altice N.V (2015: €18.5 million),
- €4.0 million for SFR Group (2015: €9.5 million).

Details of the material grants of options under the stock option plan at the Company, SFR Group and in the US are given below:

Altice N.V SOP and LTIP	Number granted (m)	Weighted average exercise price (€)
Options outstanding as at January 1, 2015	**36.8**	**7.30**
Granted	4.5	19.20
Exercised	-	-
Cancelled, lapsed	(1.2)	7.10
Options outstanding as at December 31, 2015	**40.1**	**8.60**
Granted	4.4	15.09
Exercised	-	7.06
Cancelled, lapsed	(1.3)	12.00
Options outstanding as at December 31, 2016	**43.2**	**9.16**

SFR Group SOP	Number granted (m)	Weighted average exercise price (€)
Options outstanding as at January 1, 2015	**8.2**	**15.40**
Granted	0.5	43.10
Exercised	(1.9)	13.90
Cancelled, lapsed	(0.4)	17.90
Adjustment 12/2015	1.1	21.80
Options outstanding as at December 31, 2015	**7.5**	**18.40**
Granted	-	-
Exercised	(2.4)	12.52
Cancelled, lapsed	(2.0)	24.78
Options outstanding as at December 31, 2016	**3.1**	**18.90**

Optimum and Suddenlink carried unit plan	Number granted (m)	Weighted average exercise price (€)
Granted	202.8	-
Exercised	-	-
Cancelled, lapsed	-	-
Options outstanding as at December 31, 2016	**202.8**	**-**

The fair value of the stock option plan is measured using a Black and Scholes valuation model, using the following assumptions:

Altice N.V. SOP	January 11, 2016	May 13, 2016	July 8, 2016	November 11, 2016
Units granted (m)	0.44	1.40	0.53	0.40
Expiry date	January, 2026	May, 2026	July, 2026	November, 2026
Unit fair value at the grant date (€)[3]	1.24	1.09	1.68	1.57
Share price at the grant date (€)	14.17	14.03	12.75	16.19
Exercise price of the option (€)	17.00	13.48	13.74	16.45
Anticipated volatility (weighted average)[1]	24.36%	23.86%	30.34%	22.62%
Anticipated dividends[2]	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.54%	0.12%	0.00%	0.31%

Optimum and Suddenlink carried unit plan	July, 2016	September, 2016
Units granted (m)	198.55	4.25
Expiry date	July, 2020	September, 2020
Unit fair value at the grant date ($)	0.37	0.52
Share price at the grant date ($)	n/a	n/a
Exercise price of the option ($)	n/a	n/a
Anticipated volatility (weighted average)	60.00%	60.00%
Anticipated dividends	n/a	n/a
Risk free interest rate (governments bonds)	0.74%	0.74%

Altice N.V. SOP	January 31, 2015	May 1, 2015	September 1, 2015	December 1, 2015
Units granted (m)	0.2	0.11	3.1	0.21
Expiry date	January, 2025	May, 2025	September, 2025	December, 2025
Unit fair value at the grant date (€)[3]	2.85	4.9	3.3-4.07	1.2
Share price at the grant date (€)	18.5	23.1	23.7	17
Exercise price of the option (€)	13.6	12.6	21.7	14.3
Anticipated volatility (weighted average)[1]	23%	23%	27%	24%
Anticipated dividends[2]	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.30%	0.37%	0.80%	0.47%

SFR Group	April, 2015	September, 2015
Units granted (m)	0.4	0.1
Expiry date	April, 2023	September, 2023
Unit fair value at the grant date (€)	7.5	5.7
Exercise price of the option (€)	44.21	38.81
Anticipated volatility (weighted average)	26%	27%
Anticipated dividends	4%	4%
Risk free interest rate (governments bonds)	0.00%	0.00%

1 The anticipated volatility is based on the average volatility of a select peer group given that the Altice NV share has traded for less than 5 years.

2 Anticipated dividends are based on a consistent 2.5% policy over a 10 year horizon, in line with the Company's policy. While dividends have not been paid in the past two years, the Company will assess its policy and at times consider returning capital to

shareholders through ordinary and exceptional dividends as well as share buybacks if deemed adequate on the basis of its review of the opportunity set for acquisitions or development projects.

3 The expected life of the options used in determining the fair value of the stock options is assumed to be the same as the expiry date (10 years).

26. Depreciation, amortization and impairment losses

Depreciations and amortization for the year amounted to €5,575.4 million (2015: €3,865.4 million) consisted of:

- amortization of intangible assets for a total of €2,821.2 million (2015: €1,981.8 million), and
- depreciation of tangible assets for a total of €2,754.2 million (2015: €1,883.6 million).

The increase in 2016 compared to 2015 was mainly driven by the acquisition of Optimum and the full year impact of the integration of Suddenlink. Additionally, the Group completed final purchase price allocation for PT Portugal and Suddenlink, which also led to an increase in depreciation and amortisation. The Group recorded an impairment on the customer relationships recognised as part of SFR Group's acquisition of Virgin Mobile for an aggregate amount of €41.5 million. In 2015, the Group recognised an impairment of the ONLY brand in the French Overseas Territories for an amount of €20.9 million.

27. Net result on extinguishment of financial liability

As a result of the refinancing operations performed during the year ended December 31, 2016 (refer to note 17), the Group recognized net losses on extinguishment of financial liabilities amounting to €338.6 million.

During the previous year, as part of the acquisition of SFR by Numericable, the earn-out due to Vivendi was cancelled. This was carried at its fair value of €643.5 million as of the extinguishment date. As per the provisions of IAS 39 and IFRS 3, on derecognition, the gain on earn-out was recognized entirely in profit or loss (in financial income) as the cancellation was a result of an event separate from the original contract.

28. Net finance costs

Net finance costs (€m)	**December 31, 2016**	**December 31, 2015**
Net result on extinguishment of financial liabilities [1]	**(338.6)**	**643.5**
Interest income	16.0	33.7
Other financial income	168.7	246.4
Finance income	**184.7**	**280.1**
Interests charges on borrowings [3]	(3,136.6)	(1,905.7)
Mark-to-market effect on borrowings [2]	(114.7)	29.1
Interest relative to gross financial debt	**(3,251.3)**	**(1,876.6)**
Other financial expenses [4]	(343.1)	(169.2)
Net foreign exchange gains/(losses)	(11.5)	(45.1)
Impairment of available for sale financial assets	(2.5)	(47.7)
Other financial expenses	**(357.1)**	**(262.0)**
Finance costs, net	**(3,762.3)**	**(1,215.0)**

1 Refer to notes 17 and 27 (above).
2 The expenses related to the fair value of financial instruments of the various hedging instruments held by the Group.
3 The increase in interest expense for the year ended December 31, 2016 was primarily due to (i) full year impact of the issuance of new debts to finance the acquisition of Suddenlink and Optimum and (ii) the impact of the interest on the existing debts assumed (and not refinanced at closing) at Suddenlink and Optimum (total impact of €1,184.3 million).
4 The increase in other financial expenses is mainly due to (i) accrued interest on vendor notes & other debt investments by non-controlling interest for €50.7 million, (ii) loss recorded on the fair value re-measurement of a financial asset held by Optimum for a total amount of €48.5 million. This increase was partly offset by a decrease in other financial expenses of €22.0 million at Suddenlink.

As of December 31, 2016, the pre-tax weighted average cost of debt of the Group was 6.0% (2015: 5.9%).

29. Average workforce

The workforce employed by the Group, expressed in the form of full-time-equivalent employees, is presented below. The full time equivalence of each employee is calculated based on the number of hours worked by the employee in a given period, compared to the maximum number of hours/period allowed as per the local law prevalent in the country of operation.

Average workforce	December 31, 2016	December 31, 2015
Managers	12,375	9,519
Technicians	10,223	9,960
Employees	27,134	18,027
Total	**49,732**	**37,506**

The increase in average workforce since 2015 is largely explained by the acquisition of Optimum during the year.

30. Related party transactions and balances

Transactions with related parties are mainly related to transactions with non-controlling interests in Suddenlink and Optimum, transactions with associates of the various operating entities of the Group, such as SFR Group, and payments for services rendered by the controlling shareholder of the Group.

Such transactions are limited to:

- exchange of services between SFR Group and its associate companies (see note 8 for more details on SFR Group's associates),
- entering into a brand license and service agreement with the controlling shareholder of the Company,
- significant debt transactions with minority shareholders in Suddenlink and Optimum and other transactions with the controlling shareholder of the Group (discussed in more detail later in this note).

The Group also entered into rental agreements for office space in France for the SFR Group with Quadrans, a company controlled by the ultimate beneficiary owner of the Group.

In addition to the transactions mentioned above, certain managers and executives have acquired equity in the Company as part of the management investment plan that the Company established. In the year ended December 31, 2016, certain shareholders of the Company acquired an indirect minority interest in Neptune Holding US Corporation for an aggregate amount of €40.7 million.

The Group now licences the Altice brand from Next Alt S.à r.l. as part of a brand licence and service agreement concluded in 2016. As part of this agreement, the Group has the exclusive right to use the Altice brand for corporate identification purposes and commercial purposes in the telecommunication, content and media sectors. A total expense of €41.3 million was recognised in the consolidated statement of income for the year ended December 31, 2016.

There was also a transaction with an entity controlled by the controlling shareholder to sell a €9.0 million stake ($10 million equivalent) in CVC 1 B.V. The transaction was completed on July 1, 2016 and the amount was recorded as a current receivable as of June 30, 2016. This transaction was preceded by the re-purchase of a $10 million stake previously owned by JKLT Limited, which was subsequently sold as described here.

Transactions with related parties are not subject to any guarantees. All such transactions are at arm's length and settled in cash. The table below shows a summary of the Group's related party transactions for the year, and outstanding balances as at December 31, 2016.

Related party transactions - income and expense	December 31, 2016			December 31, 2015		
(€m)	Revenue	Operating expenses	Financial expenses	Revenue	Operating expenses	Financial expenses
Equity holders	-	41.3	-	0.3	3.5	-
Executive managers	-	-	-	-	1.4	-
Associate companies and non-controlling interests	130.3	104.5	31.9	118.2	46.0	1.8
Total	**130.3**	**145.8**	**31.9**	**118.5**	**50.9**	**1.8**

Related party balances - assets	December 31, 2016			December 31, 2015		
(€m)	Loans and receivables	Trade receivables and other	Current accounts	Loans and receivables	Trade receivables and other	Current accounts
Equity holders	-	-	-	4.7	1.2	-
Executive managers	-	-	-	-	-	-
Associate companies and non-controlling interests	121.2	36.9	-	439.3	30.6	-
Total	**121.2**	**36.9**	**-**	**444.0**	**31.8**	**-**

Related party balances - liabilities	December 31, 2016			December 31, 2015		
(€m)	Other financial liabilities	Trade payables and other	Current accounts	Other financial liabilities	Trade payables and other	Current accounts
Equity holders	-	12.0	-	0.2	0.3	-
Executive managers	-	-	-	-	-	-
Associate companies and non-controlling interests	3,805.2	5.9	-	1,212.7	96.9	-
Total	**3,805.2**	**17.9**	**-**	**1,212.9**	**97.2**	**-**

The increase in the related party transactions and balances for operating expenses, accounts receivables, accounts payables and revenues is mainly driven by transactions that the SFR Group has with its associate companies (for details refer to note 8). These transactions were limited to telephony with La Poste Telecom GSM-R PPP with Synerail.

In addition to this, for the year ended December 31, 2016, the Group recorded an operating expense of €41.3 million related to fees invoiced by its controlling shareholder, Next Alt as part of a brand licence and service agreement entered into between the two parties in 2016. An amount of €12.0 million is outstanding at year-end. The decrease in loans and receivables compared to December 31, 2016 is mainly due to the full consolidation of GNP by the Group for the year ended December 31, 2016. GNP was accounted for as an associate as of December 31, 2015. Such loans and receivables amounted to €297.3 million as of December 31, 2015.

The increase in other financial liabilities is mainly related to:

- Debt issued by Neptune Holding Corporation and subscribed by the non-controlling interests in CVC 2 B.V. for an amount of €474.3 million ($525 million equivalent).
- Re-evaluation of the put with minority shareholders in CVC 2 B.V. for a total amount of €2.064.3 million.
- A vendor note for a nominal amount of €100 million, bearing interest at 3.8% and due on May 24, 2017, relating to the acquisition of AMG by SFR Group from a company controlled by the controlling shareholder of the Group.
- An agreement for the exclusive use of a datacentre located in Switzerland and owned by a company controlled by the controlling shareholder of the Group, for an amount of €29.6 million.
- These increases were offset to some extent by the partial repayment of the CVC 1 B.V. vendor note ($500 million equivalent) granted by the non-controlling investors in Suddenlink. The amount repaid was an aggregate of €289.6 million ($304 million equivalent), (refer to note 17). A financial expense of €36.8 million was recorded in relation to the interest accrued on the vendor note for the year ended December 31, 2016.

The total amount of transactions with the controlling shareholder of the Group amounted to €459.7 million (including rental commitments in France reported in note 31, 'contractual obligations and commercial commitments).

30.1. Compensation of key management personnel and Board members

30.1.1. Board members

Compensation paid to members of the Board of Directors of the Company is listed below. 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. Board members receive compensation from the Company for their roles on the board, as follows:

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

Non-executive directors of the Company are eligible to receive a fixed compensation of €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 €10,000 and €20,000 respectively. Each member of the audit and remuneration committee receives additional compensation of €20,000 and €5,000 respectively.

Details of amounts paid to directors for the year ended December 31, 2016 are provided in the following table:

Directors' remuneration €	Period on the Board	Fixed fee	Additional fee for services to the Group	Annual cash bonus	LPP collective plan	Committee fees	Equity based compen-sation	Total
Patrick Drahi	January 1 - September 6	150,000	-	-	-	-	6,483,625	6,633,625
Dexter Goei	January 1 - December 31	181,667	490,233	2,400,000	8,933	-	8,648,390	11,729,223
Dennis Okhuijsen	January 1 - December 31	160,000	173,333	750,000	-	-	672,283	1,755,616
A4 S.A.	January 1 - December 31	150,000	-	-	-	-	-	150,000
Jurgen van Breukelen	January 1 - December 31	72,600	-	-	-	54,450	-	127,050
Scott Matlock	January 1 - December 31	60,000	-	-	-	35,000	-	95,000
Jean-Luc Allavena	January 1 - December 31	60,000	-	-	-	25,000	-	85,000
Michel Combes	June 28 - Deccember 31	90,000	560,000	700,000	8,416	-	4,458,305	5,816,721
Closing balance		**924,267**	**1,223,566**	**3,850,000**	**17,349**	**114,450**	**20,262,603**	**26,392,235**

30.1.2. Key management personnel

Key management personnel includes the executive directors of the Company and certain other members of the executive management team. The remuneration of key management personnel during the year was as follows:

Key management personnel (€m)	December 31, 2016	December 31, 2015
Short-term benefits[1]	14.8	1.4
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	14.3	11.2
Termination benefits	-	-
Total[2]	**29.1**	**12.6**

1 Includes an amount of €3.9 million paid during 2016 that related to the 2015 financial year.
2 In addition to the Company's executive directors, the Group considers Mr. Jérémie Bonnin, Mr. Jean Michel Hegesippe and Mr. Alain Weill as key management personnel.

31. Contractual obligations and commercial commitments

The Group has contractual obligations to various suppliers, customers and financial institutions that are summarized below. A detailed breakdown by operating entity is provided below. These contractual obligations listed below do not contain operating leases (detailed in note 18).

Unrecognised contractual commitments December 31, 2016	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	2,704.3	2,074.8	2,815.9	1,061.0	**8,656.0**
Investment commitments	628.0	52.1	36.4	106.6	**823.2**
Guarantees given to suppliers/customers	4.9	.5	2.5	64.8	**72.7**
Guarantees given to financial institutions	25.3	.8	17.2	142.0	**185.4**
Guarantees given to government agencies	24.0	20.5	27.4	72.4	**144.3**
Other commitments	57.4	6.7	8.5	30.9	**103.5**
Total	**3,443.9**	**2,155.4**	**2,908.0**	**1,477.7**	**9,985.1**

Unrecognised contractual commitments December 31, 2015	< 1 year	Between 1 and 2 years	Between 2 and 4 years	Five years or more	Total
Goods and service purchase commitments	283.4	98.4	31.8	(38.8)	**374.8**
Investment commitments	764.0	204.0	279.6	716.5	**1,964.1**
Guarantees given to suppliers/customers	3.6	.5	2.0	21.0	**27.1**
Guarantees given to financial institutions	71.0	-	12.0	48.0	**131.0**
Guarantees given to government agencies	18.1	14.2	18.0	88.0	**138.3**
Other commitments	57.4	-	5.0	30.0	**92.4**
Total	**1,197.5**	**317.1**	**348.4**	**864.7**	**2,727.7**

31.1. Commitment to purchase goods and services

Commitments to purchase goods and services mainly refer to long term contracts that different operating entities have entered into with suppliers of goods and services that are used to provide services to end customers:

- At Optimum and Suddenlink level, commitments primarily include contractual commitments, for an amount of €6,702 million, with various programming vendors to provide video service to Optimum and Suddenlink's customers. Amounts reflected relate to programming agreements and are based on the

number of subscribers receiving the programming as of December 31, 2016 multiplied by the per subscriber rates or the stated annual fee, as applicable, contained in executed agreements in effect as of December 31, 2016.

- At PT Portugal, commitments amounting to a total of €924.7 million include commitments to purchase inventory (mainly mobile phones, set-top-boxes and Home Gateways), commitments for other services, primarily related to maintenance contracts as well as commitments under football-related content agreements, namely:
    - agreements entered into in the end of 2015 for the acquisition of the exclusive broadcasting rights of home football games of several clubs (Porto, Vitória de Guimarães, Rio Ave, Boavista and Desportivo das Aves), including sponsorship agreement with Porto;
    - an agreement entered into with the other Portuguese telecom operators in July 2016 for the reciprocal sharing of broadcasting rights of football-related content for an eight year period, in accordance with which the acquisition cost of such rights is split between all operators based on their market share and accordingly PT has commitments to pay a portion of the acquisition cost of the rights acquired by its competitors based on PT's market share and is entitled to recharge other operators for a portion of the acquisition cost of its own exclusive rights based on the market share of such operators; and
    - a distribution agreement entered into with the Portuguese sports premium channel (Sport TV) in July 2016, for a two-season period, in accordance with which PT is committed to pay a non-contingent fixed component.
- At Altice Entertainment News and Sport, commitments include a total of €407.4 million related to content agreements, including the Discovery Communications and NBC Universal agreements.
- SFR Group had total commitments amounting to €367.6 million.

31.2. Investment commitments

Investment commitments decreased from the prior year due to the starting of the broadcasting period of sports content rights, refer to the note 4.3.2. The commitments this year mainly refer to commitments made by different Group companies to suppliers of tangible and intangible assets (including content capex). It also includes commitments made to government or local bodies to make certain investments in the context of Public-Private Partnerships ("PPP") entered into by some subsidiaries of the Group. At SFR Group, a total of €583 million was committed to suppliers of tangible and intangible assets over a period of over five years. Additionally, a total of €160 million has been committed to PPPs entered between various local governments in France and SFR Group to connect houses with Fiber to the Home (FTTH) sockets and also to deploy FTTH in moderately dense areas.

31.3. Guarantees given to suppliers/customers

This caption mainly consists of guarantees given to suppliers or customers given by different companies in the course of their business.

31.4. Guarantees given to financial institutions

This caption mainly consists of bank guarantees given by different companies in the course of their business. It mainly includes a commitment of €64.0 million made by SFR Group as part of a Public Private Partnership that it has entered with Vinci, AXA and TDF along with Réseau Ferré de France (R.F.F.) and letters of commitments given by Optimum and Suddenlink to insurance and financial institutions for €91.0 million.

31.5. Guarantees given to government agencies

This caption mainly consists of guarantees given by the different companies to government agencies as part of its regular operations. At PT Portugal, guarantees to government agencies for an amount of €58 million include a guarantee granted to the Portuguese telecom regulator (Anacom) under the acquisition of the 4G license and bank guarantees related to tax litigation. At Optimum, guarantees were given to government agencies for an amount of €35.1 million.

31.6. Other commitments and guarantees

This caption mainly consists of guarantees given by different companies in the course of their business.

31.7. Other commitments

31.7.1. Network sharing agreement

In the mobile segment, the Group has signed Network sharing agreements in several subsidiaries. In France, on January 31, 2014 SFR and Bouygues Telecom signed a strategic agreement to share their mobile networks. They will deploy a new shared-access mobile network in an area covering 57% of the population. The agreement allows the two operators to improve their mobile coverage and to achieve significant savings over time. The deployment of the RAN sharing has started in September 2015 and 4,634 sites have been deployed as of December 31, 2016. SFR consider that the agreement's commitments given amount to approximately €1,672 million and commitments received amount to approximately €2,029 million, which results in a net commitment received of approximately €357 million over the long term agreement period.

31.7.2. Commitments linked to telecommunications activities

Furthermore, SFR Group is paying a contribution to the spectrum development fund for frequency bands which were thus developed, as decided by the French Government (700 MHz, 800 MHz, 2.1 GHz and 2.6 GHz,) as well as a tax to the National Frequencies Agency intended to cover the complete costs incurred by this establishment for the collection and treatment of claims of users of audiovisual communications services relating to interference caused by the start-up of radio-electric stations (700 MHz and 800 MHz).

32. Litigation

In the normal course of its activities, the Group is accused in a certain number of governmental, arbitration and administrative law suits. Provisions are recognised by the Group when management believe that it is more likely than not that such lawsuits shall incur expenses, and the magnitude of these expenses can be reliably estimated. Where the Group is not able to reliably measure the financial effect, the litigation is disclosed as a contingent liability.

The magnitude of the provisions recognised is based on the best estimate of the level of risk on a case-by-case basis, taking into account that the occurrence of events in the course of the legal action involves constant re-estimation of this risk.

The Group is not aware of other dispute, arbitration, governmental or legal action or exceptional fact (including any legal action of which the issuer is aware, which is outstanding or by which it is threatened) that may have been, or is in, progress during the last months and that has a significant effect on the financial position, the earnings, the activity and the assets of the company and the Group, other than those described below.

This note details the Group's significant ongoing legal disputes as at December 31, 2016. Tax disputes as at December 31, 2016 are described in note 23.

32.1. France

32.1.1. Complaint by Bouygues Telecom against SFR and Orange

The French Competition Council received a complaint from Bouygues Telecom against SFR and Orange claiming that the latter were engaged in anticompetitive practices in the mobile call termination and mobile telephony markets. On May 15, 2009, the French Competition Authority postponed its decision and remanded the case for further investigation. On August 18, 2011, SFR received a complaint claiming unfair pricing. On December 13, 2012, the Competition Authority fined SFR €66.0 million for abuse of dominant position, which SFR paid.

SFR appealed the decision. The case was heard by the Paris Court of Appeal on February 20, 2014. The Paris Court of Appeal rendered its judgment on June 19, 2014, dismissing SFR's appeal (the judgment was appealed to the Court of Cassation, the French Supreme Court, by SFR on July 9, 2014; on October 6, 2015, the Court of Cassation rejected SFR's appeal) and asked the European Commission to provide an Amicus Curiae to shed light on the economic and legal issues raised by the case. The Court of Appeal postponed ruling on the merits of the case pending the Commission's opinion. The Commission rendered its opinion on December 1, 2014, which went against SFR. The hearing on the merits of the case was held on December 10, 2015. The Court of Appeal issued its ruling on May 19, 2016; it granted a 20% fine rebate to SFR due to the new nature of the infraction. The French treasury (Trésor Public) returned €13.1 million to SFR. SFR appealed on a point of law on June 20, 2016. As a

result of the French Competition Authority's decision of December 13, 2012, Bouygues Telecom, OMEA and EI Telecom (NRJ Mobile) brought suit against SFR in the Commercial Court for damages. In accordance with the transaction between SFR and Bouygues Telecom in June 2014, the closing hearing of the conciliation proceedings was held on December 5, 2014. The motion for discontinuance granted on September 11, 2014 ended the legal action between the two companies. With respect to the claim by OMEA (€67.9 million) and EI Telecom (€28.6 million), SFR applied for stay on a ruling pending the decision of the Paris Court of Appeal, and obtained it. OMEA withdrew on May 24, 2016. EI Telecom decided to recommence its legal proceedings and updated its loss to €28.4 million.

32.1.2. Claim by Mundio Mobile against SFR

Mundio Mobile, an MVNO on the SFR network, brought a claim in the form of a filing against SFR on November 5, 2014 in the Paris Commercial Court. Mundio Mobile is claiming €63.6 million in damages from SFR. Mundio Mobile accuses SFR of unfair practices under the MVNO contract (by launching the offer of its former subsidiary Buzz Mobile). Mundio is also challenging certain aspects of the contract including its pricing terms. The parties settled their dispute out of the court during the fiscal year.

32.1.3. Complaint by Orange Réunion and Orange Mayotte against SRR and SFR

Differential on-net/off-net pricing in the mobile telephony market in Mayotte and Reunion

Orange Réunion Orange Mayotte and Outremer Telecom filed a complaint with the French Competition Authority in June 2009 alleging unfair differential on-net/off-net pricing by SRR in the mobile telephony market on Mayotte and Réunion seeking conservatory measures from the Competition Authority. On September 15, 2009 the French Competition Authority announced provisional measures against SRR, pending its decision on the merits. SRR had to discontinue any price spread exceeding its actual "off-net/on-net" costs in the network concerned.

As the French Competition Authority found that SRR had not fully complied with its injunction, it fined SRR €2 million on January 24, 2012. In the proceedings on the merits, with regard to the "Consumers" component of the case, SRR requested and obtained a "no contest" on the complaints on July 31, 2013. On June 13, 2014, the Authority rendered its decision for the "Consumers" component of the case, fining SFR and its subsidiary SRR €45.9 million.

Non-residential mobile telephony market in Mayotte and Réunion

The SRR premises were raided and records seized on September 12, 2013. The operation focused on the non-residential mobile telephony market in Réunion and Mayotte and was also in response to the complaint filed by Outremer Telecom. SRR appealed to the Senior Justice of the Saint-Denis Court of Appeals of Réunion against the decision authorizing the operation and a second appeal against its procedure. On June 13, 2014, the Senior Justice of the Saint-Denis Court of Appeals of Réunion handed down an order rescinding all the seizures at SRR in September 2013. The Competition Authority appealed this order.

With respect to the proceedings on the merits, the Competition Authority on February 12, 2015 sent a notice of complaints to SFR and SRR, which decided not to dispute the complaints. A report of no contest was signed on April 1, 2015. A session in front of the Authority board was held on September 15, 2015. On November 30, 2015, the French Competition Authority fined SRR (and SFR as the parent company) €10.8 million.

Compensation disputes

On October 8, 2014, Orange Reunion sued SRR and SFR jointly and severally to pay €135.3 million for the loss suffered because of the practices sanctioned by the Competition Authority. To date, the merits of the case have not yet been heard and various procedural issues have been raised, on which a judgment is pending. The Court rendered its ruling on June 20, 2016 stating that the petitions of Orange Réunion cannot relate to the period preceding October 8, 2009 and therefore refused to exonerate SFR.

On December 20, 2016, following the Court's judgment, Orange updated its estimate of the loss it believes it suffered after October 8, 2009 and reached the amount of €88 million (which represents the non-time-barred portion of the alleged loss).

32.1.4. Orange suit against SFR in the Paris Commercial Court (overflows case)

Orange filed a claim on August 10, 2011 with the Paris Commercial Court asking the Court to order SFR to immediately cease its unfair "overflow" practices and to order SFR to pay €309.5 million in contractual penalties. It accused SFR of deliberately organizing overflows onto the Orange network for the purpose of economically optimizing its own network (under designing the Primary Digital Block (PBN)). In a ruling of December 10, 2013 the Court ordered SFR to pay Orange €22.1 million. SFR and Orange both appealed the ruling. On January 16, 2015 the Paris Court of Appeals upheld the Commercial Court's ruling and SFR paid €22.1 million. On January 13, 2017, SFR appealed the ruling.

On August 11, 2014, SFR also petitioned the District Court enforcement judge, who rendered his decision on May 18, 2015 by ordering SFR to pay €0.6 million (assessment of penalty for 118 abusive overflows).

On October 5, 2016, Orange sent SFR a formal notice to pay Orange €11.8 million pursuant to contractual penalty clauses concerning spillovers alleged between July 2011 and July 2014.

32.1.5. Orange v. SFR and Bouygues Telecom (Sharing Agreement)

On April 29, 2014, Orange applied to the French Competition Authority to disallow the agreement signed on January 31, 2014 by SFR and Bouygues Telecom to share their mobile access networks, based on Article L. 420-1 of the French Commercial Code and Article 101 of the Treaty on the Functioning of the European Union (TFEU). In addition to this referral, Orange asked the Competition Authority for a certain number of injunctions against the companies involved.

In a decision dated September 25, 2014, the Competition Authority dismissed all of Orange's requested injunctions to stop SFR and Bouygues Telecom from implementing the agreement that they had signed to share part of their mobile networks. Orange appealed the Competition Authority's decision to dismiss its request for provisional measures. The Court of Appeal upheld this decision on January 29, 2015. Orange is now appealing the matter to the Court of Cassation. The Court of Cassation rendered a decision dismissing the appeal filed by Orange on October 4, 2016. The investigation of the merits continues.

32.1.6. Claim by Bouygues Telecom against NC Numericable and Completel

In late October 2013, NC Numericable and Completel received a claim from Bouygues Telecom regarding the "white label" contract signed on May 14, 2009, initially for five years and extended once for an additional five years for the supply to Bouygues Telecom of double- and triple-play very-high-speed offers. In its letter, Bouygues Telecom claimed damages totaling €53 million because of this contract. Bouygues Telecom alleges a loss that, according to Bouygues Telecom, justifies damages including (i) €17.3 million for alleged pre-contractual fraud (providing erroneous information prior to signing the contract), (ii) €33.3 million for alleged non-performance by the Group companies of their contractual obligations and (iii) €2.4 million for alleged damage to Bouygues Telecom's image. The Group considers these claims unfounded both in fact and in contractual terms, and rejects both the allegations of Bouygues Telecom and the amount of damages claimed.

On July 24, 2015, Bouygues Telecom filed suit against NC Numericable and Completel concerning the performance of the contract to supply very-high-speed links (2P/3P). Bouygues Telecom is accusing NC Numericable and Completel of abusive practices, deceit and contractual faults, and is seeking nullification of certain provisions of the contract and indemnification of €79 million. On June 21, 2016, Bouygues Telecom filed revised pleadings, increasing its claims for indemnification to a total of €180 million.

The matter was heard in a new procedural hearing on September 27, 2016. With regard to these issues, Bouygues Telecom is claiming €138.4 million in reparation for the loss suffered. The case has been postponed until March 15, 2017 to appoint the reporting judge.

In addition, in a counter-claim, NC Numericable and Completel are seeking €10.8 million in addition to the contractual interest as well as €8 million in royalties due for fiscal year 2015.

32.1.7. Free v. SFR: unfair practices for non-compliance with consumer credit provisions in a subsidized offer

On May 21, 2012, Free filed a complaint against SFR in the Paris Commercial Court. Free challenged the subsidy used in SFR's "Carrés" offers sold over the web between June 2011 and December 2012, claiming that it constituted a form of consumer credit and, as such, SFR was guilty of unfair practices by not complying with the

consumer credit provisions, in particular in terms of prior information to customers. Free asked the Paris Commercial Court to require SFR to inform its customers and to order it to pay €29 million in damages. On January 15, 2013, the Commercial Court dismissed all of Free's requests and granted SFR €0.3 million in damages. On January 31, 2013, Free appealed the decision.

On March 9, 2016, the Paris Court of Appeal confirmed the Paris Commercial Court's ruling and denied all claims filed by Free. The amount of damages payable by Free to SFR was increased to €0.5 million from €0.3 million. On May 6, 2016, Free filed an appeal. SFR's pleadings in defense were filed on November 8, 2016.

32.1.8. Disputes regarding the transfer of customer call centers from Toulouse, Lyon and Poitiers

Following the transfer of customer call centers from Toulouse and Lyon to the company Infomobile and the Poitiers call centers to a subsidiary of the Bertelsmann Group, the former employees at those sites filed legal actions at Labor Tribunals in each city to penalize what they claim were unfair employment contracts constituting fraud under Article L. 1224-1 of the French Labor Code and also contravening the legal provisions regarding dismissal for economic reasons. The rulings in 2013 were mixed as the Toulouse Court of Appeals penalized SFR and Téléperformance in half of the cases while the Lyon and Poitiers courts ruled in favor of SFR. The cases are now at different stages of proceedings: Labor Tribunal, Court of Appeals and Court of Cassation.

32.1.9. Litigation over distribution in the independent network (Consumer market and SFR Business Team)

SFR, like companies operating an indirect distribution model, faces complaints from a certain number of its distributors and almost routinely from former distributors. Such recurring complaints revolve around claims of sudden breach of contractual relations, abuse of economic dependency and/or demands for requalification as a sales agent as well as, more recently, demands for requalification as a contractual branch manager and requalification as SFR contracted point of sale staff. SFR, after receiving four adverse judgments by the Court of Cassation regarding the status of branch manager, was recently successful in various Courts of Appeals. Regarding the requalification of employment contracts and sales contracts in these disputes, despite rare exceptions, SFR received favorable judgments.

32.1.10. In-depth inquiry of the European Commission into the assignment of cable infrastructures by certain local authorities

On July 17, 2013, the European Commission signalled that it had decided to open an investigation to verify whether the transfer of public cable infrastructure between 2003 and 2006 by several French municipalities to Numericable was consistent with European Union government aid rules. In announcing the opening of this in-depth investigation, the European Commission indicated that it believes that the sale of public assets to a private company without proper compensation gives the latter an economic advantage not enjoyed by its competitors, and that it therefore constitutes government aid within the meaning of the rules of the European Union and that the free-of-charge transfer of the cable networks and ducts by 33 French municipalities to Numericable, they have argued, confers a benefit of this type and, as such, is government aid. The European Commission has expressed doubts about the compatibility of the alleged aid with the rules of the European Union. The Group firmly denies the existence of any government aid. In addition, the decision to open an investigation concerns a relatively small number of network connections (approximately 200,000), the majority of which have not been migrated to DOCSIS 3.0 and only allow access to a limited number of the Group's television services. The European Commission's decision of July 17, 2013 was published in the Official Journal of the European Union on September 17, 2013. Since then, discussions have continued within the framework of this process both in terms of comments from third parties as well as those from the parties to the proceedings as to the allegation of the existence of aid and its extent, with the Group firmly challenging the existence of any government aid.

32.1.11. Dispute with Orange concerning certain IRUs

NC Numericable signed four non-exclusive IRUs with Orange on May 6, 1999, May 18, 2001, July 2, 2004 and December 21, 2004, in connection with the NC Numericable's acquisition of certain companies operating cable networks built by Orange. These cable networks, accessible only through the civil engineering installations of Orange (mainly its ducts), are made available to the Group by Orange through these non-exclusive IRUs. Each of these IRUs covers a different geographic area and was signed for a term of 20 years.

Following ARCEP's Decision 2008-0835 of July 24, 2008, Orange published, on September 15, 2008, a technical and commercial offer made to telecommunication operators allowing them access to the civil engineering

infrastructures of the local wire-based network, pursuant to which the operators can roll out their own fiber networks in Orange's ducts. The terms of this mandatory technical and commercial offer are more restrictive than the terms that the Group enjoys under the Orange IRUs.

As a result, in December 2011, NC Numericable and Orange signed amendments to the IRUs in order to comply with the November 4, 2010 ARCEP decision and to align the operating procedures set out in the IRUs with the procedures set out in the Orange general technical and commercial offer.

Lastly, NC Numericable initiated parallel proceedings against Orange before the Commercial Court of Paris on October 7, 2010 claiming damages of €2.7 billion for breach and modification of the IRUs by Orange. On April 23, 2012, the Commercial Court of Paris ruled in favor of Orange and dismissed the Group's claims for damages, ruling that there were no material differences between the original operational procedures and the new operational procedures imposed on NC Numericable by Orange under the terms of its general technical and commercial offer, published on September 15, 2008. NC Numericable appealed this decision before the Paris Court of Appeals and claimed the same amount of damages as it had before the Paris Commercial Court. Orange, in turn, claims that this proceeding materially impaired its brand and image, and is seeking an order to make NC Numericable pay damages of €50 million. In a ruling dated June 20, 2014, the Paris Court of Appeals dismissed NC Numericable's appeal, which was referred to the Court of Cassation on August 14, 2014. On February 2, 2015, the Court of Cassation set aside the ruling of the Paris Court of Appeals except in that it recognized NC Numericable's interest in acting and referred the case back to the Paris Court of Appeals.

32.1.12. Action by Colt, Free and Orange in the General Court of the European Union concerning the DSP 92 project

Colt, Free and Orange, in three separate motions filed against the European Commission before the General Court of the European Union seeking to annul the European Commission's final decision of September 30, 2009 (Decision C (2009) 7426), which held that the compensation of €59 million granted for the establishment and operation of a high-speed electronic communications network in the department of Hauts-de-Seine does not constitute government aid within the meaning of the rules of the European Union. The Group is not party to this proceeding. Its subsidiary Sequalum is acting as the civil party, as well as the French government and the department of Hauts-de-Seine. In three rulings dated September 16, 2013, the General Court of the European Union rejected the requests of the three applicants and confirmed the aforementioned decision of the European Commission. Free and Orange have appealed to the Court of Justice of the European Union.

32.1.13. Litigation between Sequalum and CG 92 regarding DSP 92

A disagreement arose between the Hauts-de-Seine General Council ("CG92") and Sequalum regarding the terms of performance of a utilities public service concession contract ("THD Seine") signed on March 13, 2006 between Sequalum, a subsidiary of the Group, and the Hauts-de-Seine General Council; the purpose of this delegation was to create a very-high-speed fiber optic network in the Hauts-de-Seine region. The Hauts-de-Seine General Council meeting of October 17, 2014 decided to terminate the public service delegation agreement signed with Sequalum "for misconduct by the delegatee for whom it is solely responsible." The Hauts-de-Seine General Council demanded the payment of penalties totaling approximately €45 million for delays, advanced by the sole delegator and disputed by Sequalum, in the deployment of fiber optics and connections to buildings.

The demand for payment was contested in a motion filed with the Administrative Court of Cergy Pontoise on September 3, 2014. Its enforcement and the payment of the sums requested have been suspended pending a ruling on the merits.

On May 7, 2015, the General Council sent a second demand for an order for payment in the amount of €51.6 million, orders disputed by Sequalum on July 11, 2015.

Sequalum claims that the termination was unlawful and is continuing to perform the contract, subject to any demands that the delegator may impose. Should the competent courts confirm this interpretation of unlawful termination, Sequalum may primarely have (i) to repay the public subsidies received for the DSP 92 project, normally the outstanding component of the subsidies (the company received €25 million in subsidies from the General Council), (ii) to reimburse any deferred income (estimated at €32 million by the Department) and (iii) to compensate the Department for any losses suffered (amount estimated by the Department of €212 million).

In turn, the department of Hauts-de-Seine will receive the returnable assets of the DSP on July 1, 2015.

Furthermore, the General Council will have to pay compensation to Sequalum, which essentially corresponds to the net value of the assets.

On October 16, 2014, Sequalum filed a motion in the Administrative Court of Cergy Pontoise requesting the termination of the public service concession because of *force majeure* residing in the irreversible disruption of the structure of the contract, with the resulting payment of compensation in Sequalum's favor.

At December 31, 2015, the assets were removed from Sequalum's accounts in the amount of €116 million. Income receivable in the amount of €139 million related to the expected indemnification was also recognized, an amount fully provisioned given the situation.

On July 11, 2016, the Department established a breakdown of all amounts due (in its opinion) by each Party for the various disputes, and issued demands based on said breakdown. Each amount was subject to a decision by the public accountant dated July 13, 2016 (final amount established by the latter for €181.6 million, taking into account the carrying amount due in his opinion to Sequalum). This breakdown, the various demands and the compensation decision were subject to applications for annulment filed by Sequalum with the Administrative Court of Cergy Pontoise on September 10, 12 and 14, 2016. These applications remain pending, except for the application for annulment relating to the breakdown (the court having considered that the breakdown was not a measure which could be appealed. Sequalum appealed this decision before the Versailles Administrative Court of Appeals). SFR Group states that it also has its own fiber optics in the department of Hauts-de-Seine to service its customers.

Pursuant to two decisions rendered on March 19, 2017, the Administrative Court of Cergy Pontoise rejected the actions brought by Sequalum against two enforcement measures issued by the department of Hauts-de-Seine in respect of penalties, for amounts of €51.6 million and €45.0 million. Sequalum intends to appeal the decisions.

32.1.14. Faber agreement ruling by French Competition Authority

By Decision No.14-DCC-160 dated October 30, 2014, the French Competition Authority authorized Numericable Group, a subsidiary of the Altice Group, to take exclusive control of SFR. This authorization was subject to a certain number of commitments, including those subject to the procedure initiated by the Competition Authority relating to the performance of a joint investment agreement entered into by SFR and Bouygues Telecom on November 9, 2010 ("Faber Agreement"). Under the terms of this Agreement, SFR and Bouygues Telecom committed to jointly invest in the rollout of a horizontal fiber optic network in a defined number of towns and districts located in high density areas.

Insofar as Numericable was already highly present with the very high speed offers of its FTTB cable network in this high density area, the Authority considered that the takeover of SFR by Numericable may have cast doubts over SFR's incentive to honor its commitments to its joint investors, and in particular to Bouygues. To address this potential risk, the Authority therefore requested commitments were made to guarantee that the new group would supply the buildings requested by Bouygues Telecom under the Agreement. These commitments covered three main points:

- The obligation to provide distribution services for all Termination Points delivered as of October 30,2014 within two years;
- The drawing up of a rider to the Faber Agreement allowing Bouygues Telecom to order a list of buildings of its choice for the distribution to Termination Points delivered after October 30, 2014 within three months (excluding performance constraints);
- The provision of maintenance for the FTTH infrastructure in a transparent and non-discriminatory manner using specially introduced quality indicators.

By Decision No.15-SO-14 dated October 5, 2015, the Competition Authority officially opened an inquiry into the conditions under which Altice and SFR Group respect these commitments. By Decision No. 17-D-04 dated March 8, 2017, the Competition Authority decided to levy a financial sanction of €40 million against Altice and SFR Group, and imposed periodic penalty payments for each day of delay, for not having respected the commitments set out in the "Faber Agreement".

SFR contests this totally incriminating decision, the arguments on which it is based, and the amount of the financial sanction. The Group will appeal the decision.

32.1.15. SFR v. Orange: abuse of dominant position in the second homes market

On April 24, 2012 SFR filed a complaint against Orange with the Paris Commercial Court for practices abusing its dominant position in the retail market for mobile telephony services for non-residential customers.

On February 12, 2014, the Paris Commercial Court ordered Orange to pay to SFR €51 million for abuse of dominant position in the second homes market.

On April 2, 2014, Orange appealed the decision of the Commercial Court on the merits. On October 8, 2014 the Paris Court of Appeals overturned the Paris Commercial Court's ruling of February 12, 2014 and dismissed SFR's requests. The Court of Appeals ruled that it had not been proven that a pertinent market limited to second homes actually exists. In the absence of such a market, there was no exclusion claim to answer, due to the small number of homes concerned. On October 13, 2014 SFR received notification of the judgment of the Paris Court of Appeals of October 8, 2014 and repaid the €51 million to Orange in November 2014. On November 19, 2014 SFR appealed the ruling.

On April 12, 2016, the French Supreme Court overturned the Court of Appeal's decision and referred the case back to the Paris Court of Appeal. Orange returned €52.7 million to SFR on May 31, 2016. Orange refiled the case before the Paris Court of Appeal on August 30, 2016.

32.1.16. Complaint against Orange to the Competition Authority regarding the market in mobile telephony services for businesses

On August 9, 2010, SFR filed a complaint against Orange with the Competition Authority for anticompetitive practices in the business mobile telephony services market.

On March 5, 2015 the Competition Authority sent a notice of complaints to Orange. Four complaints were filed against Orange. On December 17, 2015, the Authority ordered Orange to pay a fine of €350 million.

On June 18, 2015, SFR filed suit against Orange in the Commercial Court and is seeking €2.4 billion in damages subject to adjustment as remedy for the loss suffered as a result of the practices in question in the proceedings with the Competition Authority. On June 21, 2016, Orange filed an injunction to disclose several pieces of confidential data in SFR's economic report for July 21, 2016. A judge must rule on this procedural issue, after which the hearing on the merits can begin.

32.2. United States

32.2.1. Marchese, et al. v. Cablevision Systems Corporation and CSC Holdings, LLC

Optimum is a defendant in a lawsuit filed in the U.S. District Court for the District of New Jersey by several present and former Cablevision subscribers, purportedly on behalf of a class of iO video subscribers in New Jersey, Connecticut and New York. After three versions of the complaint were dismissed without prejudice by the District Court, plaintiffs filed their third amended complaint on August 22, 2011, alleging that Optimum violated Section 1 of the Sherman Antitrust Act by allegedly tying the sale of interactive services offered as part of iO television packages to the rental and use of set-top boxes distributed by Optimum, and violated Section 2 of the Sherman Antitrust Act by allegedly seeking to monopolize the distribution of Optimum's compatible set-top boxes.

Plaintiffs seek unspecified treble monetary damages, attorney's fees, as well as injunctive and declaratory relief. On September 23, 2011, Optimum filed a motion to dismiss the third amended complaint. On January 10, 2012, the District Court issued a decision dismissing with prejudice the Section 2 monopolization claim, but allowing the Section 1 tying claim and related state common law claims to proceed. Cablevision's answer to the third amended complaint was filed on February 13, 2012. On December 7, 2015, the parties entered into a settlement agreement, which is subject to approval by the Court. On December 11, 2015, plaintiffs filed a motion for preliminary approval of the settlement, conditional certification of the settlement class, and approval of a class notice distribution plan. On March 10, 2016 the Court granted preliminary approval of the settlement and approved the class notice distribution plan. Class notice distribution and the claims submission have now concluded. As of December 31, 2016, the Company has recognised a provision associated with the settlement of $6.1 million representing the cost of benefits to class members that are reasonably expected to be provided and has paid out $9.5 million in attorneys' fees.

32.2.2. In re Cablevision Consumer Litigation

Following expiration of the affiliation agreements for carriage of certain Fox broadcast stations and cable networks on October 16, 2010, News Corporation terminated delivery of the programming feeds to Optimum, and as a result, those stations and networks were unavailable on Optimum's cable television systems. On October 30, 2010, Optimum and Fox reached an agreement on new affiliation agreements for these stations and networks, and carriage was restored. Several purported class action lawsuits were subsequently filed on behalf of Optimum's customers seeking recovery for the lack of Fox programming. Those lawsuits were consolidated in an action before the U.S. District Court for the Eastern District of New York, and a consolidated complaint was filed in that court on February 22, 2011. Plaintiffs asserted claims for breach of contract, unjust enrichment, and consumer fraud, seeking unspecified compensatory damages, punitive damages and attorneys' fees. On March 28, 2012, the Court ruled on Optimum's motion to dismiss, denying the motion with regard to plaintiffs' breach of contract claim, but granting it with regard to the remaining claims, which were dismissed. On April 16, 2012, plaintiffs filed a second consolidated amended complaint, which asserts a claim only for breach of contract. Optimum's answer was filed on May 2, 2012. On October 10, 2012, plaintiffs filed a motion for class certification and on December 13, 2012, a motion for partial summary judgment. On March 31, 2014, the Court granted plaintiffs' motion for class certification, and denied without prejudice plaintiffs' motion for summary judgment. On May 30, 2014, the Court approved the form of class notice, and on October 7, 2014, approved the class notice distribution plan. The class notice distribution has been completed, and the opt-out period expired on February 27, 2015. Expert discovery commenced on May 5, 2014, and concluded on December 8 and 28, 2015, when the Court ruled on the pending expert discovery motions. On January 26, 2016, the Court approved a schedule for filing of summary judgment motions. Plaintiffs filed a motion for summary judgment on March 31, 2016. Optimum filed its own summary judgment motion on June 13, 2016. The parties have entered into settlement discussions. The motions for summary judgement have been denied with leave to re-file in the event the discussions between the parties are not successful. At December 31, 2016, the Company has recognised a provision associated with a potential settlement totalling $5.2 million as an adjustment to purchase accounting. The amount ultimately paid in connection with a possible settlement could exceed the amount recorded.

32.2.3. Patent Litigation

Optimum is named as a defendant in certain lawsuits claiming infringement of various patents relating to various aspects of Optimum's businesses. In certain of these cases other industry participants are also defendants. In certain of these cases Optimum expects that any potential liability would be the responsibility of Optimum's equipment vendors pursuant to applicable contractual indemnification provisions. Optimum believes that the claims are without merit and intends to defend the actions vigorously, but is unable to predict the outcome of these lawsuits or reasonably estimate a range of possible loss.

32.3. PT Portugal

32.3.1. Optimus - Interconnection agreement

This legal action is dated from 2001 and relates to the price that Telecomunicações Móveis Nacionais ("TMN", PT Portugal's mobile operation at that time) charged Optimus - Comunicações S.A. ("Optimus", one of Meo's mobile competitors at that time, currently NOS) for mobile interconnection services, price that Optimus did not agree with. TMN transferred to PT Comunicações (PT Portugal's fixed operation at that time, currently named Meo) the receivables from Optimus, and subsequently PT Comunicações offset those receivables with payables due to Optimus. NOS argues for the annulment of the offset made by PT Comunicações and accordingly claims from PT Comunicações the settlement of the payables due before the offset plus accrued interest. In August 2015, the court decided that the transfer of the interconnection receivables from TMN to PT Comunicações and consequently the offset of those receivables with payables due by PT Comunicações to Optimus were not legal and therefore sentenced Meo to settle those payables plus interest up to date in the total amount of approximately €35 million. Meo appealed from this decision in October 2015 to the Court of Appeal of Lisbon. In September 2016, Meo was notified of the decision from the Court of Appeal of Lisbon, which confirmed the initial ruling against Meo, as a result of which Meo decided to appeal to the Supreme Court. On March 13, 2017, Meo was notified of the Supreme Court's decision of dismissal of its appeal.

32.3.2. TV Tel - Restricted access to the telecommunication ducts

In March 2004, TV TEL Grande Porto - Comunicações, S.A. ("TVTEL", subsequently acquired by NOS), a telecommunications company based in Oporto, filed a claim against PT Comunicações in the Lisbon Judicial

Court. TV TEL alleged that, since 2001, PT Comunicações has unlawfully restricted and/or refused access to its telecommunication ducts in Oporto, thereby undermining and delaying the installation and development of TV TEL's telecommunications network. TV TEL is claiming an amount of approximately Euro 15 million from Meo for damages and losses allegedly caused and yet to be sustained by that company as a result of the delay in the installation of its telecommunications network in Oporto. PT Comunicações submitted its defence to these claims in June 2004, stating that (1) TV TEL did not have a general right to install its network in PT Comunicações's ducts, (2) all of TV TEL's requests were lawfully and timely responded to by PT Comunicações according to its general infra-structure management policy, and (3) TV TEL's claims for damages and losses were not factually sustainable. After an initial trial and based in a judicial decision, a new trial is yet to be scheduled to appreciate new facts on this matter. Recently the court notified Meo to present the list of witnesses, which are scheduled to be heard during the first half of 2017.

32.3.3. Anacom litigation

Meo has several outstanding proceedings filed from Anacom, for some of which Meo has not yet received formal condemnations. This litigation includes matters such as the violation of rules relating to portability, TDT, the non-compliance of obligations under the universal service (fixed voice and public phones) and restricting the access to phone numbers starting at 760. Historically, Meo paid amounts significantly lower than the administrative fines set by Anacom in final decisions. The initial value of the proceedings is normally set at the maximum applicable amount of the administrative fine until the final decision is formally issued.

32.3.4. Zon TV Cabo Portugal – Violation of portability rules

Zon TV Cabo Portugal (currently NOS) claims that Meo has not complied with the applicable rules for the portability of fixed numbers, as a result of which claims for an indemnity of €22 million corresponding to profits lost due to unreasonable rejections and the delay in providing the portability of the number. An expert indicated by each party and a third party expert evaluated this matter and presented the final report to the court. Meo has also filed a claim against NOS regarding portability compensations, the trial of which is scheduled to take place.

32.3.5. Optimus - Abuse of dominant position in the wholesale market

In March 2011, Optimus filed a claim against Meo in the Judicial Court of Lisbon for the payment of approximately €11 million, as a result of an alleged abuse of dominant position by Meo in the wholesale offer. Optimus sustained its position by arguing that they suffered losses and damages as a result of Meo's conduct. In 2016, the court decided entirely in favour of Meo. As of December 31, 2016, Meo had not been informed yet on whether an appeal would be filed by NOS/Optimus.

32.3.6. Municipal taxes and rights-of-way

Pursuant to a statute enacted on 1 August 1997, as an operator of a basic telecommunications network, Meo was exempt from municipal taxes and rights-of-way and other fees with respect to its network in connection with its obligations under the Concession. The Portuguese Government has advised Meo in the past that this statute confirmed the tax exemption under Meo's former Concession and that it will continue to take the necessary actions in order for Meo Comunicações to maintain the economic benefits contemplated by the former Concession.

Law 5/2004, dated 10 February 2004, established a new rights-of-way regime in Portugal whereby each municipality may establish a fee, up to a maximum of 0.25% of each wireline services bill, to be paid by the customers of those wireline operators which network infra-structures are located in each such municipality. Meanwhile, Decree-Law 123/2009, dated 21 May 2009, clarified that no other tax should be levied by the municipalities in addition to the tax established by Law 5/2004. This interpretation was confirmed by the Supreme Administrative Court of Portugal in several legal actions.

Some municipalities however, continue to perceive that the Law 5/2004 does not expressly revoke other taxes that the municipalities wish to establish, because Law 5/2004 is not applicable to the public municipality domain. Currently, there are legal actions with some municipalities regarding this matter and some of the municipalities have initiated enforcement proceedings against Meo to demand the payment of those taxes.

33. Going concern

As of December 31, 2016, the Group had net current liability position of €7,283.3 million (mainly due to trade payables amounting to €7,713.4 million) and a negative working capital of €2,718.0 million. During the year ended December 31, 2016, the Group registered a net loss of €1,861.5 million (2015: €301.2 million) and generated cash flows from operations of €7,003.1 million. As of December 31, 2016, the Group had a negative equity position of €2,339.6 million (positive position of €1,869.8 million as of December 31, 2015). This negative equity position mainly resulted from the impact of 1) the measurement and recognition of a non cash transaction being the put option agreement with non-controlling interests in CVC-2 B.V. for an amount of €2,812.3 million and 2) the cumulated impact of the buy back of a 20% stake in SFR from Vivendi during the year ended December 31, 2015 (€ 4,016.0 million). An extinguishment of the put liability would result in an improvement of the equity position to € 572.6 million.

The loss generated as of December 31, 2016 was mainly due to one-off costs incurred on the extinguishment of certain financial liabilities (€338.6 million) and restructuring costs incurred following the acquisition of Optimum and certain provisions for restructuring and litigation incurred in the year ended December 31, 2016 (see note . Excluding the impacts of these items, the net result of Group would improve to a loss position of €719.9 million for the year ended December 31, 2016, mainly generated by depreciation, amortization and impairment of €5,576.9 million (non cash transaction).

The negative working capital position is structural and follows industry norms. Customers generally pay subscription revenues early or mid-month, with short days of sales outstanding and suppliers are paid under standard commercial terms, thus generating a negative working capital, as evidenced by the difference in the level of receivables and payables (€4,600.5 million vs. €7,713.4 million for the year ended December 31, 2016, as compared to €3,857.5 million & €6,423.6 million for the year ended December 31, 2015). Payables due the following month are covered by revenues and cash flows from operations (if needed).

As of December 31, 2016, the Group's short term borrowings mainly comprised of a debenture at Optimum of €878.5 million and of accrued interests of €1,358.2 million on the debenture and loans from financial institutions which are repaid on a semi-annual basis, and the amortization of some bonds and term loans. Those short-term obligations are expected to be covered by the cash flows from operations of the operating subsidiaries. As of December 31, 2016, the revolving credit facilities at Optimum and Altice Financing S.A. were drawn in an aggregate of €476.3 million. A listing of available credit facilities by silo is provided in note 17.5 and the amounts available per segments are sufficient to cover the short term debt and interest expense needs of each of these segments if needed.

Given the above, the Board of Directors has considered the following elements in determining that the use of the going concern assumption is appropriate:

- The Group has a strong track record of generating positive EBITDA and generated strong positive operating cash flows for the year ended December 31, 2016 (€7,003.1 million). This represents an increase of 50.7% compared to year ended December 31, 2015 (€4,648.3 million).
- Adjusted EBITDA amounted to €8,085.8 million, an increase of 47% compared to December 31, 2015. This increase in adjusted EBITDA is mainly due to the integration of newly acquired entities (see note 3) which contributed to this increase compared to prior year. The Board of Directors is of the view that such adjusted EBITDA and the consequent cash flows are sufficient to service the working capital of the Group. The Group only integrated 6 months of cash flows and EBITDA for Optimum (from June 20, 2016 onwards) and thus the results do not reflect the impact of a full year of operations.
- The Group had healthy unrestricted cash reserves (€1,109.1 million as of December 31, 2016, €2,527.0 million as of December 31, 2015), which would allow it to cover any urgent cash needs. The Group has the ability to move its cash from one segment to another under certain conditions as allowed by its debentures and debt covenants. as at December 31, 2016. Cash reserves in operating segments carrying debt obligations were as follows:
  - France: €451.9 million
  - United States: €386.3 million
- Additionally, as of December 31, 2016, the Group had access to Revolving Credit Facilities ("RCF") and guarantee facilities of up to €4,840.9 million (of which €476.3 million was drawn as of December 31, 2016).
- The Group has access to an equity market where it can issue additional equity.

The Board of Directors tracks operational key performance indicators (KPIs) on a weekly basis, thus closely tracking top line trends very closely. This allows the Board of Directors and local CEOs to ensure proper alignment with budget targets and respond with speed and flexibility to counter any unexpected events and ensure that the budgeted targets are met.

On the basis of the above, the Board of Directors is of the view that the Group will continue to act as a going concern for 12 months from the date of approval of these consolidated financial statements and has hence deemed it appropriate to prepare these consolidated financial statements using the going concern assumption.

34. Auditors' remuneration

Audit fees paid to the Group's auditors (Deloitte) were:

Audit fees (€m)	December 31, 2016	December 31, 2015
Audit services	5.1	4.0
Other assurance services	1.0	1.1
Non-audit services	2.6	2.7
Total	**8.7**	**7.8**

35. Revised information

As per the provisions of IFRS 3 Business Combination, the recognition of the identifiable tangible and intangible assets of Suddenlink at their fair value was revised for the year ended December 31, 2015.

Consolidated Statement of Financial Position At 31 December 2015 (€m)	December 31, 2015 (reported)	Revision	December 31, 2015 (revised)
Goodwill	17,319.8	(108.4)	17,211.4
Intangible asset	16,519.0	11.9	16,530.9
Property plant and equipment	12,262.6	(69.0)	12,193.6
Other non-current assets	3,338.2	-	3,338.2
Deferred tax assets	444.3	(406.0)	38.3
Non-current assets	**49,883.9**	**(571.4)**	**49,312.5**
Current assets	**14,791.3**	**4.8**	**14,796.1**
Assets classified as held for sale	122.1	-	122.1
Total assets	**64,797.3**	**(566.6)**	**64,230.7**
Equity	**1,977.9**	**(108.1)**	**1,869.8**
Other non-current liabilities	49,825.1	(28.4)	49,796.8
Deferred tax liabilities	2,914.5	(435.9)	2,478.6
Non-current liabilities	**52,739.6**	**(464.2)**	**52,275.4**
Current liabilities	**9,995.2**	**5.6**	**10,000.8**
Liabilities directly associated with assets classified as held for sale	84.6	-	84.6
Total liability and equity	**64,797.3**	**(566.6)**	**64,230.7**

Consolidated Statement of Income Year ended 31 December 2015 (€m)	December 31, 2015 (reported)	Revision	December 31, 2015 (revised)
Revenue	14,550.3	-	14,550.3
Operating expenses	(9,129.4)	-	(9,129.4)
Depreciation, amortisation and impairment	(3,773.7)	(112.6)	(3,886.3)
Other expenses and income	(426.0)	0.3	(425.7)
Operating profit	**1,221.2**	**(112.3)**	**1,108.9**
Net finance costs	(1,858.5)	-	(1,858.5)
Gain recognized on extinguishment of a financial liability	643.5	-	643.5
Gain on disposal of businesses	27.5	-	27.5
Share of profit in associates	8.1	-	8.1
Loss before taxes	**41.8**	**(112.3)**	**(70.6)**
Income tax expense	(261.7)	31.0	(230.7)
Loss for the period	**(219.9)**	**(81.3)**	**(301.3)**
Comprehensive income	**(335.3)**	**(81.5)**	**(416.7)**

36. Events after the reporting period

New phase of the strategic partnership between SFR Group and NextRadioTV

On January 30, 2017, SFR Group announced that it intends to take over the exclusive control of NextRadioTV and to that effect, has filed the necessary application with the French regulatory authorities (CSA and French Competition Authority) in order to obtain their clearance of the proposed transaction, which will be implemented through the conversion of existing convertible bonds.

Acquisition of a stake in Sport TV

On February 24, 2017, PT Portugal entered the capital of SPORT TV, a sports broadcaster based in Portugal, strengthening its shareholder structure as a 25% shareholder along with, NOS, Olivedesportos and Vodafone. This new structure benefits, above all, PT Portugal's customers and the Portuguese market, guaranteeing all of the operators access to the sports content considered essential in fair and non-discriminatory market conditions.

Next Generation Enterprise Network Alliance

On February 27, 2017, the Group announced that it became a partner of the Next Generation Enterprise Network Alliance ("NGENA") in the market of VPN services for B2B clients. Being part of NGENA is an opportunity for the operating Group companies to address B2B clients which have entities in several countries and would like to have their high performance private network with cloud services availability. NGENA is building and managing an alliance between service providers aiming at a global coverage of VPN services based on its innovative platform. Each operating Group company will benefit from the alliance for selling VPN services to its B2B clients. Joining the alliance helps the Group companies to gain immediate awareness and credibility as a worldwide service provider, to jumpstart on the VPN expertise and to accelerate penetration of the B2B market.

Acquisition of Audience Partners

On March 2, 2017, Altice USA acquired Audience Partners, a leading provider of data-driven, audience-based digital advertising solutions worldwide. Altice USA has a successful TV data and addressable advertising track record in the New York designated market area (DMA), and this will expand to include the digital capabilities of Audience Partners to deliver seamless multiscreen addressable solutions.

Judgement of the Paris Court of Appeal on the AMF decision of October 4, 2016

On October 4, 2016, the AMF decided to oppose the public exchange offer of the Company for its subsidiary SFR Group announced on September 5, 2016. As a result of the AMF decision, the offer was terminated, but the Company filed an appeal with the Court of Appeal of Paris against the decision of the AMF, which it believes was made in breach of applicable stock market regulations. On March 14, 2017, the Court of Appeal of Paris rejected the Company's appeal.

Refinancing of a portion of the existing debt of Suddenlink and Cablevision credit pools

On March 15, 2017, the Group announced that CSC Holdings successfully priced, for its Cablevision credit pool, $3 billion of 8.25-year senior secured term loans with institutional investors and Altice US Finance I successfully priced, for the Suddenlink credit pool, $1.265 billion of 8.25-year senior secured term loans with institutional investors. The new term loans will have a margin of 225bps over Libor, and be issued at an OID of 99.50. Closing of the new financing is subject to closing conditions. The proceeds of the terms loans will be used respectively to (i) refinance the entire $2.5 billion principal amount of loans under Optimum's existing Term Loan Facility that matures in October 2024 and redeem $500 million of the 8.625% Senior Notes due September 2017 issued by Cablevision, and (ii) refinance the entire $815 million principal amount of loans under Suddenlink's existing Term Loan Facility that matures in January 2025 and redeem $450 million of the 6.375% Senior Notes due September 2020 issued by Cequel Communications Holdings I, LLC and Cequel Capital Corporation. Such refinancing will extend the average maturity of Cablevision's debt from 6.1 to 6.5 years and reduce the weighted average cost of its debt from 7.3% to 7.0%, and extend the average maturity of Suddenlink's debt from 6.6 to 6.9 years and reduce the weighted average cost of its debt from 5.6% to 5.3%.

Acquisition of TEADS

On March 21, 2017, the Company announced that it has entered into an agreement to acquire TEADS, the no. 1 online video advertising marketplace in the world. The proposed transaction values TEADS at an enterprise value of up to €285 million on a cash and debt free basis. The payment of the full purchase price is subject to TEADS achieving certain revenue targets in 2017: 75% of the purchase price will be due at closing, the remaining 25% being subject to TEADS' 2017 revenue performance and becoming payable in early 2018. The proposed transaction is subject to certain competition reviews and is expected to close in mid-2017.
The acquisition of TEADS is another critical component for the Group's global advertising strategy. The Group will provide its clients with data-driven, audience-based advertising solutions on multiscreen platforms including TV, digital, mobile and tablets. It will also provide an open and intelligent advertising platform to the media industry, programmers and multichannel video programming distributors. Together with sophisticated return on investment analysis capabilities, leveraging multiscreen subscriber data information, this will put the Group in a unique position to grow its global advertising platform and better monetize its core telecommunications access and content business.

Refinancing of a portion of the existing debt of Altice International group and SFR Group credit pools

On March 23, 2017, the Group announced that SFR Group successfully priced $1,420 million and €1,145 million of 8.25-year term loans B, and that Altice Financing successfully priced $910 million of 8.25-year term loan B. The new term loans will have a margin of 275bps over Libor (for the Dollar loans) and 300bps over Euribor (for the Euro loan) and be issued at an OID of 99.75. Closing of the new financing is subject to closing conditions. The proceeds of the term loans B will be used respectively to (i) refinance the €850 million and $1.418 billion principal amount of loans under the 2014 SFR Credit Facility Agreement that mature respectively in April 2023 and in January 2024, and €297 million principal amount of loans under the 2014 SFR Credit Facility Agreement that mature in July 2023, and (ii) refinance the €446 million principal amount of loans under the 2015 Altice Financing Credit Facility Agreement that mature in July 2023 and redeem the entire $425 million of the 2012 Senior Notes. Such refinancing will extend the average maturity of SFR Group debt from 7.3 to 7.6 years and reduce the weighted average cost of its debt from 5.2% to 4.9%, and extend the average maturity of Altice International group's debt from 6.7 to 7 years and reduce the weighted average cost of its debt from 6.2% to 5.9%.

37. List of entities included in the scope of consolidation

The table on the following pages provides a list of all entities consolidated into the Group's financial statements. The method of consolidation is provided; fully consolidated ("FC") or consolidated using the equity method ("EM"), as is the percentage of capital held by the Group and the entity's country of incorporation.

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Altice N.V.	Netherlands	Parent Entity	Parent Entity
1015 Tiffany Street Corporation	USA	FC	70%
1047 E 46th Street Corporation	USA	FC	70%
111 New South Road Corporation	USA	FC	70%
1111 Stewart Corporation	USA	FC	70%
1144 Route 109 Corp.	USA	FC	70%
151 S. Fulton Street Corporation	USA	FC	70%
2234 Fulton Street Corporation	USA	FC	70%
2 SIP S.A.S.	France	FC	84%
389 Adams Street Corporation	USA	FC	70%
4connections LLC	USA	FC	70%
A R H, Ltd.	USA	FC	70%
AF 83 S.A.S.	France	EM	21%
Alpha Distri S.A.S.	France	FC	84%
Alsace Connexia S.A.S.	France	FC	59%
Altice Africa S.à r.l	Luxembourg	FC	100%
Altice B2B France S.A.S.	France	FC	84%
Altice Bahamas S.à r.l	Luxembourg	FC	97.2%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Altice Blue Two	France	FC	99.9%
Altice Caribbean S.à r.l	Luxembourg	FC	100%
Altice Content France S.A.S.	France	FC	64%
Altice Content Luxembourg S.A.	Luxembourg	FC	64%
Altice Content S.à r.l	Luxembourg	FC	100%
Altice Corporate Financing S.à r.l	Luxembourg	FC	100%
Altice Customer Services S.à r.l	Luxembourg	FC	65%
Altice Entertainment News & Sport Lux S.à r.l	Luxembourg	FC	100%
Altice Entertainment News & Sport S.A.	Luxembourg	FC	100%
Altice Financing S.A.	Luxembourg	FC	100%
Altice Finco S.A.	Luxembourg	FC	100%
Altice France Bis S.à r.l	Luxembourg	FC	100%
Altice France S.A.	Luxembourg	FC	100%
Altice Group Lux S.à r.l	Luxembourg	FC	100%
Altice Hispaniola, S.A.	Dominican Republic	FC	97.2%
Altice Holdings S.à r.l	Luxembourg	FC	100%
Altice International S.à r.l	Luxembourg	FC	100%
Altice Labs, S.A.	Portugal	FC	100%
Altice LP S.à r.l	Luxembourg	FC	100%
Altice Luxembourg S.A	Luxembourg	FC	100%
Altice Management Americas Corporation	USA	FC	100%
Altice Management International	Switzerland	FC	100%
Altice Media Events S.A.S.	France	FC	84%
Altice Media Publicite S.A.S.	France	FC	84%
Altice Media Solutions Corporation	USA	FC	100%
A Nous Paris S.A.S	France	FC	100%
Altice Picture S.à r.l	Luxembourg	FC	100%
Altice Portugal, S.A.	Portugal	FC	100%
Altice Securities S.à r.l	Luxembourg	FC	100%
Altice Technical Services B.V.	Netherlands	FC	70%
Altice Technical Services S.A.	Luxembourg	FC	51%
Altice Technical Services Corporation	USA	FC	70%
Altice US Cable Finance 1 S.à r.l	Luxembourg	FC	100%
Altice US Cable Finance 2 S.à r.l	Luxembourg	FC	100%
Altice US Cable Holdings S.à r.l	Luxembourg	FC	100%
Altice US Finance I Corporation	USA	FC	70%
Altice US Finance S.A.	Luxembourg	FC	100%
Altice US Holding I SCA	Luxembourg	FC	100%
Altice US Holding II S.à r.l	Luxembourg	FC	100%
Altice US Management S.à r.l	Luxembourg	FC	100%
Altice USA Employee Disaster Relief Fund	USA	FC	70%
Altice West Europe S.à r.l	Luxembourg	FC	100%
SFR Press Distribution	France	FC	84%
Animotion E.U.R.L.	France	FC	84%
Appalachian Communications, LLC	USA	FC	70%
A-R Cable Services - NY Inc.	USA	FC	70%
Ariège Telecom S.A.S.	France	FC	84%
Atento Maroc S.A.	Morocco	FC	58%
Auberimmo S.A.S.	France	FC	100%
Audience Square S.A.S	France	EM	15%
Auto Venda Já, S.A.	Portugal	EM	50%
Automotive Media E.U.R.L.	France	FC	84%
B3G International B.V.	Netherlands	FC	84%
BBHI Holdings LLC	USA	FC	70%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
BFM Business TV	France	FC	31%
BFM Paris S.A.S	France	FC	31%
BFM Sport S.A.S	France	FC	31%
BFMTV S.A.S	France	FC	31%
Business FM S.A.S	France	FC	31%
Buyster S.A.	France	EM	21%
Cable Systems, Inc.	USA	FC	70%
Cablevision Lightpath CT LLC	USA	FC	70%
Cablevision Lightpath NI LLC	USA	FC	70%
Cablevision Lightpath, Inc.	USA	FC	70%
Cablevision NYI L.L.C.	USA	FC	70%
Cablevision Of Brookhaven, Inc.	USA	FC	70%
Cablevision Of Hudson County, LLC	USA	FC	70%
Cablevision Of Litchfield, Inc.	USA	FC	70%
Cablevision Of Monmouth, LLC	USA	FC	70%
Cablevision Of New Jersey, LLC	USA	FC	70%
Cablevision Of Newark	USA	FC	70%
Cablevision Of Oakland, LLC	USA	FC	70%
Cablevision Of Ossining Limited Partnership	USA	FC	70%
Cablevision Of Paterson, LLC	USA	FC	70%
Cablevision Of Rockland/Ramapo, LLC	USA	FC	70%
Cablevision Of Southern Westchester, Inc.	USA	FC	70%
Cablevision Of Wappingers Falls, Inc.	USA	FC	70%
Cablevision Of Warwick, LLC	USA	FC	70%
Cablevision Real Estate Corporation	USA	FC	70%
Cablevision Systems Brookline Corporation	USA	FC	70%
Cablevision Systems Corporation	USA	FC	70%
Cablevision Systems Dutchess Corporation	USA	FC	70%
Cablevision Systems East Hampton Corporation	USA	FC	70%
Cablevision Systems Great Neck Corporation	USA	FC	70%
Cablevision Systems Huntington Corporation	USA	FC	70%
Cablevision Systems Islip Corporation	USA	FC	70%
Cablevision Systems Long Island Corporation	USA	FC	70%
Cablevision Systems New York City Corporation	USA	FC	70%
Cablevision Systems Suffolk Corporation	USA	FC	70%
Cablevision Systems Westchester Corporation	USA	FC	70%
Cap Connexion S.A.S.	France	FC	84%
Capital Criativo - Scr, S.A.	Portugal	EM	11%
CBFM	France	FC	31%
CCG Holdings, LLC	USA	FC	70%
Cebridge Acquisition, L.P.	USA	FC	70%
Cebridge Acquisition, LLC	USA	FC	70%
Cebridge Connections Equipment Sales, LLC	USA	FC	70%
Cebridge Connections Finance Corp.	USA	FC	70%
Cebridge Connections, Inc.	USA	FC	70%
Cebridge Corporation	USA	FC	70%
Cebridge General, LLC	USA	FC	70%
Cebridge Limited, LLC	USA	FC	70%
Cebridge Telecom CA, LLC	USA	FC	70%
Cebridge Telecom General, LLC	USA	FC	70%
Cebridge Telecom ID, LLC	USA	FC	70%
Cebridge Telecom IN, LLC	USA	FC	70%
Cebridge Telecom KS, LLC	USA	FC	70%
Cebridge Telecom KY, LLC	USA	FC	70%
Cebridge Telecom LA, LLC	USA	FC	70%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Cebridge Telecom Limited, LLC	USA	FC	70%
Cebridge Telecom MO, LLC	USA	FC	70%
Cebridge Telecom MS, LLC	USA	FC	70%
Cebridge Telecom NC, LLC	USA	FC	70%
Cebridge Telecom NM, LLC	USA	FC	70%
Cebridge Telecom OH, LLC	USA	FC	70%
Cebridge Telecom OK, LLC	USA	FC	70%
Cebridge Telecom TX, L.P.	USA	FC	70%
Cebridge Telecom VA, LLC	USA	FC	70%
Cebridge Telecom WY, LLC	USA	FC	70%
Cequel Capital Corporation	USA	FC	70%
Cequel Communications Access Services, LLC	USA	FC	70%
Cequel Communications Holdco, LLC	USA	FC	70%
Cequel Communications Holdings I, LLC	USA	FC	70%
Cequel Communications Holdings II, LLC	USA	FC	70%
Cequel Communications Holdings, LLC	USA	FC	70%
Cequel Communications II, LLC	USA	FC	70%
Cequel Communications III, LLC	USA	FC	70%
Cequel Communications IV, LLC	USA	FC	70%
Cequel Communications V, LLC	USA	FC	70%
Cequel Communications, LLC	USA	FC	70%
Cequel Corporation	USA	FC	70%
Cequel III Communications I, LLC	USA	FC	70%
Cequel III Communications II, LLC	USA	FC	70%
CID S.A.	France	FC	84%
City Call Ltd	Mauritius	FC	97%
Classic Cable Of Lousiana, L.L.C.	USA	FC	70%
Classic Cable Of Oklahoma, Inc.	USA	FC	70%
Classic Cable, Inc.	USA	FC	70%
Classic Communications, Inc.	USA	FC	70%
Coditel Brabant S.P.R.L.	Belgium	FC	84.4%
Coditel Holding Lux Ii S.à r.l	Luxembourg	FC	84.4%
Coditel Holding Lux S.à r.l	Luxembourg	FC	84.4%
Coditel Holding S.A.	Luxembourg	FC	84.4%
Coditel Management S.à r.l	Luxembourg	FC	84.4%
Coditel S.à r.l	Luxembourg	FC	84.4%
Completel S.A.S.	France	FC	84%
Comstell S.A.S.	France	FC	42%
Contact Cabo Verde - Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100%
Cool Holdings Limited	Israel	FC	100%
Coram Route 112 Corporation	USA	FC	70%
CPA Lux S.à r.l.	Luxembourg	FC	100%
CSC Acquisition Corporation	USA	FC	70%
CSC Acquisition-Ma, Inc.	USA	FC	70%
CSC Acquisition-Ny, Inc.	USA	FC	70%
CSC Gateway, LLC	USA	FC	70%
CSC Holdings, LLC	USA	FC	70%
CSC Investments LLC	USA	FC	70%
CSC Mvdds LLC	USA	FC	70%
CSC Nassau II, LLC	USA	FC	70%
CSC Optimum Holdings, LLC	USA	FC	70%
CSC T Holdings I, Inc.	USA	FC	70%
CSC T Holdings II, Inc.	USA	FC	70%
CSC T Holdings III, Inc.	USA	FC	70%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
CSC T Holdings IV, Inc.	USA	FC	70%
CSC Technology, LLC	USA	FC	70%
CSC TKR, LLC	USA	FC	70%
CSC Transport II, Inc.	USA	FC	70%
CSC Transport III, Inc.	USA	FC	70%
CSC Transport, Inc.	USA	FC	70%
CSC VT, Inc.	USA	FC	70%
CVC 1-B.V.	Netherlands	FC	99%
CVC 2-B.V.	Netherlands	FC	70%
CVC 3-B.V.	Netherlands	FC	70%
Debitex Telecom S.A.S.	France	FC	84%
Decovery S.A.S	France	FC	84%
Deficom Telecom S.à r.l.	Luxembourg	FC	74%
Diversite TV France S.A.S.	France	EM	13%
Dokeo TV S.A.S.	France	EM	50%
DTV Norwich LLC	USA	FC	70%
Drom Hasharon Telecommunication (1990) Ltd	Israel	FC	100%
Emashore S.A.	Morocco	FC	58%
Ericsson Inovação S.A.	Portugal	EM	49%
ERT Holding France S.A.S.	France	FC	28.5%
ERT Luxembourg S.A.	Luxembourg	FC	28.5%
ERT Technologies S.A.S.	France	FC	28.5%
Eur@Seine S.A.S.	France	FC	84%
Eure Et Loir Thd S.A.S.	France	FC	84%
Excell Communications, Inc.	USA	FC	70%
Fischer Telecom S.A.S.	France	EM	29%
FOD SND	France	FC	84%
Foncière Rimbaud 1 S.A.S.	France	EM	42%
Foncière Rimbaud 2 S.A.S.	France	EM	42%
Foncière Rimbaud 3 S.A.S.	France	EM	42%
Foncière Rimbaud 4 S.A.S.	France	EM	42%
Foncière Velizy Sci	France	FC	84%
Forum De L'investissement S.A.	France	FC	84%
Friendship Cable Of Arkansas, Inc.	USA	FC	70%
Friendship Cable Of Texas, Inc.	USA	FC	70%
Frowein Road Corporation	USA	FC	70%
Futur Telecom S.A.S.	France	FC	84%
Global Interlink	Bahamas	FC	97.2%
Gravelines Network S.A.S.	France	FC	84%
Green Datacenter AG	Switzerland	FC	100%
Green.Ch AG	Switzerland	FC	100%
Groupe L'express S.A. (Ex-Groupe Altice Media)	France	FC	84%
Groupe News Participations S.A.S.	France	FC	31%
Groupe Outremer Telecom	France	FC	99.9%
Groupe Tests Holding S.A.S.	France	FC	31%
H. Hadaros 2012 Ltd	Israel	FC	100%
Haut-Rhin Telecom S.A.S.	France	FC	84%
Holco B S.A.S.	France	FC	84%
Hornell Television Services, Inc.	USA	FC	70%
Hot Eidan Israel Cabele System 1987 Ltd	Israel	FC	100%
Hot Mobile International Telecommunications Ltd	Israel	FC	100%
Hot Mobile Ltd	Israel	FC	100%
Hot Net Internet Services Ltd	Israel	FC	100%
Hot Telecom Ltd	Israel	FC	100%
Hot Telecom Ltd Partnership	Israel	FC	100%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Hot Telecommunications Systems Ltd	Israel	FC	100%
Hungaro Digitel Kft (Hdt)	Portugal	EM	45%
Informatique Telematique Ocean Indien SARL	France	FC	99.9%
I24 News S.A.S.	Luxembourg	FC	84%
I24 News B.V.	Netherlands	FC	100%
I24 News US Corporation	USA	FC	100%
I24 US, LLC	USA	EM	75%
Icart S.A.S.	France	FC	28.5%
Infracos S.A.S.	France	IP	42%
Inolia S.A.	France	FC	50%
Inovendys S.A.	Morocco	FC	58%
Intelcia Cameroun S.A.	Cameroon	FC	40%
Intelcia France S.A.S.	France	FC	58%
Intelcia Group S.A.	Morocco	FC	58%
Intelcia Senegal S.A.S.	Senegal	FC	58%
Iris 64 S.A.S.	France	FC	59%
Irisé S.A.S.	France	FC	21%
Isracable Ltd	Israel	FC	100%
IT For Business SARL	France	FC	84%
Janela Digital-Informática E Telecomunicações, Lda	Portugal	EM	50%
Job Rencontres S.A.	France	FC	84%
Kingwood Holdings, LLC	USA	FC	70%
Kingwood Security Services, LLC	USA	FC	70%
La Banque Audiovisuelle S.A.S.	France	FC	31%
La Poste Telecom S.A.S.	France	EM	41%
LD Communications B.V.	Netherlands	FC	84%
LD Communications Italie Srl	Italy	FC	84%
LD Communications Suisse S.A.	Switzerland	FC	84%
L'etudiant S.A.S.	France	FC	84%
L'express Ventures S.A.S.	France	FC	58%
Liberation SARL	France	FC	58%
Liberation Medias SARL	France	FC	58%
Lightpath Voip, LLC	USA	FC	70%
Loiret Thd S.A.S.	France	FC	84%
Ltbr S.A.	France	FC	84%
Macs Thd S.A.S.	France	FC	84%
Manche Telecom S.A.S.	France	FC	59%
Martinique TV Cable	France	FC	99.9%
MCS S.A.S.	France	FC	100%
Medi@Lys S.A.S.	France	FC	59%
Media Consumer Group S.A.	France	FC	84%
Meo-Serviços De Comunicações E Multimédia, S.A.	Portugal	FC	100%
Mercury Voice And Data, LLC	USA	FC	70%
Microscoop S.à. r.l.	France	FC	84%
Middle East News Ltd	Israel	FC	100%
Mobius S.A.S.	France	FC	99.5%
Moselle Telecom Part. S.A.S.	France	FC	56%
Moselle Telecom S.A.S.	France	FC	39%
Msgvn LLC	USA	FC	70%
Multicert - Serviços De Certificação Electrónica, S.A.	Portugal	EM	20%
N12n LLC	USA	FC	70%
NC Numericable S.A.S.	France	FC	84%
Neptune Holding Us Corp.	USA	FC	70%
New Post A.C.E.	Portugal	FC	51%
Newco B S.A.S.	France	FC	37%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Newco C S.A.S.	France	FC	37%
Newco E S.A.S.	France	FC	37%
News 12 Company	USA	FC	70%
News 12 Connecticut LLC	USA	FC	70%
News 12 Holding LLC	USA	FC	70%
News 12 II Holding LLC	USA	FC	70%
News 12 Interactive LLC	USA	FC	70%
News 12 Networks LLC	USA	FC	70%
News 12 New Jersey Holding LLC	USA	FC	70%
News 12 New Jersey II Holding LLC	USA	FC	70%
News 12 New Jersey LLC	USA	FC	70%
News 12 The Bronx Holding LLC	USA	FC	70%
News 12 The Bronx, LLC	USA	FC	70%
News 12 Traffic And Weather LLC	USA	FC	70%
News 12 Varsity Network LLC	USA	FC	70%
News 12 Westchester LLC	USA	FC	70%
Newsco Digital E.U.R.L.	France	FC	84%
Newsco Events S.à. r.l	France	FC	84%
Newsco Group S.A.S.	France	FC	84%
Newsco Mag S.A.S	France	FC	84%
Newsco Regies E.U.R.L.	France	FC	84%
Newsco Services E.U.R.L.	France	FC	84%
Newsday Holdings LLC	USA	FC	70%
Newsday LLC	USA	EM	25%
Nextdev S.A.S.	France	FC	31%
Nextinteractive S.A.S.	France	FC	31%
Nextprod S.A.S.	France	FC	31%
Nextradiotv S.A.S.	France	FC	31%
Nextradiotv Production S.A.S.	France	FC	31%
Nextrégie S.A.S.	France	FC	31%
NMG Holdings, Inc.	USA	FC	70%
NPG Cable, LLC	USA	FC	70%
NNG Digital Phone, LLC	USA	FC	70%
Numergy S.A.S.	France	FC	84%
Numericable US LLC	USA	FC	84%
Numericable US S.A.S.	France	FC	84%
Ny Ov LLC	USA	FC	70%
Ocealis S.A.S.	France	EM	21%
Oise Numérique S.A.S.	France	FC	84%
Omea Holding S.A.S.	France	FC	84%
Omea Telecom S.A.S.	France	FC	84%
Omer Telecom Ltd	United Kingdom	FC	84%
OMT Invest	France	FC	99.5%
OMT Ltd	Mauritius	FC	97%
OMT Madagascar	Madagascar	FC	99.5%
OMT Océan 1	France	FC	99.5%
OMT Océan 2	France	FC	99.5%
Opalys Telecom S.A.S.	France	FC	84%
Open Idea Morocco, Sarlau	Portugal	FC	100%
Open Labs Pesquisa E Desenvolvimento Ltda	Portugal	FC	100%
Openidea Tecnologias De Telecomunicações E Sistemas De Informação, S.A. (Aveiro)	Portugal	FC	100%
Openidea, Tecnologias De Telecomunicações E Sistemas De Informação S.A. (Angola)	Portugal	FC	100%
OPS	France	FC	97%
Orbis1, LLC	USA	FC	70%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Outremer Telecom	Mauritius	FC	99.5%
Ov LLC	USA	FC	70%
Pampa Presse E.U.R.L.	France	FC	84%
Partenaires Development SARL	France	EM	21%
Pays Voironnais Network Part. S.A.S	France	FC	84%
Pays Voironnais Network S.A.S.	France	FC	84%
Petra Cablevision Corp.	USA	FC	70%
Phi	Israel	EM	50%
Pho Holding S.A.S	France	EM	13%
Phone Marketing Mediterrane S.A.S.	France	FC	58%
Phone Marketing Rhone Alpes S.A.S.	France	FC	58%
Presse Media Particpations S.A.S.	France	FC	81%
PMP Holding S.A.S.	France	FC	84%
Pole Electro E.U.R.L.	France	FC	84%
Portugal Telecom Brasil, S.A.	Portugal	FC	100%
Portugal Telecom Data Center, S.A.	Portugal	FC	100%
Portugal Telecom Inovação Brasil, S.A.	Portugal	FC	100%
Prelude & Fugue S.A.S.	France	FC	84%
Previsão-Sociedade Gestora De Fundos De Pensões, Sa	Portugal	FC	82%
Princeton Video Image Israel, Ltd.	Israel	FC	100%
Pt Blueclip -Serviços De Gestão, S.A.	Portugal	FC	100%
Pt Cloud E Data Centers, S.A.	Portugal	FC	100%
Pt Contact-Telemarketing E Serviços De Informação, S.A.	Portugal	FC	100%
Pt Imobiliária, Sa	Portugal	FC	100%
Pt Móveis, Sgps, Sa	Portugal	FC	100%
Pt Multimédia.Com Brasil, Ltda.	Portugal	FC	100%
Pt Pay, S.A.	Portugal	FC	100%
Portugal Telecom, Sgps, S.A.	Portugal	FC	100%
Pt Prestações - Mandatária De Aquisições E Gestão De Bens, S.A.	Portugal	FC	100%
Pt Sales - Serviços De Telecomunicações E Sistemas De Informação, S.A.	Portugal	FC	100%
Publi-News S.à. r.l.	France	FC	84%
Pvi Holding, LLC	USA	FC	70%
Pvi Philippines Corporation	USA	FC	70%
Pvi Virtual Media Services, LLC	USA	FC	70%
Rainbow Mvdds Company LLC	USA	FC	70%
Rasco Holdings LLC	USA	FC	70%
Redgreen Sa	Luxembourg	FC	100%
Rennes Métropole Telecom S.A.S.	France	FC	84%
Rhon'telecom S.A.S.	France	FC	30.6%
Rimbaud Gestion B Sci	France	FC	84%
RMC S.A. Monegasque	France	FC	31%
RMC - BFM Production S.A.S	France	FC	31%
RMC BFM Edition S.A.S	France	FC	37%
RMC Découverte S.A.S	France	FC	37%
RMC Sport S.A.S	France	FC	37%
Rmvdds LLC	USA	FC	70%
S2C SARL	France	FC	84%
Sadotel S.A.S.	Dominican Republic	FC	30.6%
Samson Cablevision Corp.	USA	FC	70%
Sarl Rezo Télécom	France	FC	100%
South Sharon Communications (1990) Ltd	Israel	FC	100%
Sequalum Participation S.A.S.	France	FC	84%
Sequalum S.A.S.	France	FC	84%
SFCM S.A.	France	FC	84%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
SFR Business Distribution (Ex. Cinq Sur Cinq Sa)	France	FC	84%
SFR Business Morocco S.A. (Ex. Telindus Morocco Sa)	Morocco	FC	84%
SFR Business Solutions S.A.S. (Ex. Telindus France)	France	FC	84%
SFR Collectivités S.A.	France	FC	84%
SFR Développement S.A.S.	France	FC	84%
SFR Distribution (Ex. SFD S.A.)	France	FC	84%
SFR Group	France	FC	84%
SFR Participation	France	FC	84%
SFR Presse (Ex- Altice Media Group France)	France	FC	84%
SFR S.A.	France	FC	84%
SFR Service Client S.A.	France	FC	84%
SHD S.A.	France	FC	84%
SID SCS	France	FC	84%
SIG 50 S.A.	France	FC	84%
Siresp, Gestão Redes Digitais Segurança E Emergência,S.A.	Portugal	EM	31%
SL3TV, LLC	USA	FC	70%
Smartshore SARL	Morocco	FC	17.3%
SNC Outremer Communication 1	France	FC	100%
SNC Outremer Communication 2	France	FC	100%
SNTC	France	FC	80%
Sofialys S.A.S.	France	EM	20%
Sportinvest Multimédia, Sgps, S.A.	Portugal	EM	50%
Sportscotv S.A.S.	France	FC	31%
SRR SCS	France	FC	84%
Sud Partner SARL	France	EM	20%
Sudtel S.A.	Portugal	FC	35.7%
Suffolk Cable Corporation	USA	FC	70%
Suffolk Cable Of Shelter Island, Inc.	USA	FC	70%
Suffolk Cable Of Smithtown, Inc.	USA	FC	70%
Synerail Construction S.A.S.	France	EM	34%
Synerail Exploitation S.A.S.	France	FC	50%
Synerail S.A.S.	France	EM	25%
TAT S.à r.l	Israel	FC	26%
TCA Communications, LLC	USA	FC	70%
Technologues Culturels S.A.S.	France	FC	84%
Telecom Presse SARL	France	FC	84%
Telerama, Inc.	USA	FC	70%
Teloise S.A.S.	France	FC	59%
The Marketing Group S.A.S.	France	FC	58%
The New York Interconnect LLC	USA	FC	70%
Tme France S.A.	France	FC	84%
Tnord S.A.	Portugal	FC	30.6%
Topix Medias S.à .r.l.	France	FC	84%
TRC Belgium Sprl	Belgium	FC	28.5%
Tricom, S.A.	Dominican Republic	FC	97.2%
Tristate Digital Group LLC	USA	FC	70%
TWW S.A.	Morocco	FC	58%
Universal Cable Holdings, Inc.	USA	FC	70%
Valofibre S.A.S.	France	FC	84%
Vod Factory S.A.S.	France	EM	34%
Voix Du Nord L'etudiant SA.	France	EM	42%
W.K. Communications, Inc.	USA	FC	70%
Wifi Ct-Nj LLC	USA	FC	70%
Wifi Ny LLC	USA	FC	70%

Name of subsidiary	Country of incorporation	Method of consolidation	Economic interest
Wll Antilles Guyane S.A.S.	France	FC	97%
Wll Réunion S.A.S.	France	FC	97%
WMC S.A.S.	France	FC	31%
World Satellite Guadeloupe	France	FC	99.5%
Ypso Finance S.à r.l	Luxembourg	FC	84%
Ypso France S.A.S.	France	FC	84%
Ypso Holding S.à r.l	Luxembourg	FC	84%
Yunit Serviços, S.A.	Portugal	EM	33%
Zira Ltd.	Israel	EM	20%

II. STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2016

Altice N.V.

Annual Accounts of the Company as at and for the Year Ended December 31, 2016

Altice N.V.
Prins Bernhardplein 200
1097JB Amsterdam
The Netherlands
Chamber of Commerce: 63329743

Altice N.V. Company-only annual accounts

Section		Page
1	**Balance sheet**	**219**
2	**Profit and loss account**	**220**
3	**Notes to the Company-only annual accounts**	**221**
4	**Notes to the balance sheet**	**224**
	4.1 Participations in group companies	
	4.2 Amounts due from group companies	
	4.3 Cash	
	4.4 Share capital paid up and called up	
	4.5 Additional paid in capital	
	4.6 Other reserves	
	4.7 Retained earnings	
	4.8 Equity reconciliation to the consolidated financial statements	
	4.9 Amounts due to group companies	
	4.10 Accrued liabilities	
	4.11 Stock option plans or other stock related rights	
	4.12 Non-recognised assets and liabilities and contingent assets and liabilities	
5	**Notes to the profit and loss account**	**230**
	5.1 Net turnover	
	5.2 Wages and salaries	
	5.3 Other operating expenses	
	5.4 Net finance costs	
6	**Subsequent events**	**230**

1. Balance sheet

Balance sheet As at December 31, 2016 (€m)	Notes	December 31, 2016	December 31, 2015
Financial fixed assets			
Participations in group companies	4.1	9,206.4	6,936.0
Total financial fixed assets		**9,206.4**	**6,936.0**
Current assets			
Amounts due from group companies	4.2	65.1	12.7
Current tax assets		0.1	-
Other receivables		0.1	1.8
Cash	4.3	1.7	1,702.9
Total current assets		**67.0**	**1,717.4**
Total assets		**9,273.4**	**8,653.4**
Shareholders' equity			
Share capital: paid up and called up	4.4	76.5	76.5
Additional paid in capital	4.5	9,118.7	8,473.4
Other reserves	4.6	49.9	31.2
Retained earnings	4.7	(28.7)	61.5
Total shareholders' equity		**9,216.4**	**8,642.6**
Short-term liabilities			
Amounts due to group companies	4.9	41.7	9.5
Accrued liabilities	4.10	13.2	0.1
Trade creditors		2.1	1.1
Taxes and social security contributions		-	0.1
Total short-term liabilities		**57.0**	**10.8**
Total equity and liabilities		**9,273.4**	**8,653.4**

2. Profit and loss account

Profit and loss account For the year ended December 31, 2016 (€m)	Notes	Year ended December 31, 2016	Period ended December 31, 2015
Net turnover	5.1	60.2	-
Total operating income		**60.2**	**-**
Wages and salaries	5.2	(21.2)	(18.9)
Social security costs	5.2	-	-
Other operating expenses	5.3	(64.2)	(3.4)
Total operating expenses		**(25.2)**	**(22.3)**
Interest expense and simialr charges		(69.1)	(6.1)
Interest income and similar income		4.1	89.9
Finance costs, net	5.4	**(65.0)**	**83.8**
Result before taxation		**(90.2)**	**61.5**
Taxation		-	-
Net result		**(90.2)**	**61.5**

3. Notes to the Company-only annual accounts

General accounting principles for the preparation of the annual accounts

The company-only annual accounts have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. Altice N.V. ("the Company") is the parent entity of the Altice N.V. consolidated group ("the Group"). The Group's consolidated financial statements are prepared using IFRS. The annual accounts of the Company are prepared under Title 9, without using the option to apply the accounting principles the Company applied for preparation of its consolidated financial statements (combination 2).

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realised on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account if they have become known before preparation of the annual accounts.

3.1 About the Company

The Company is a public limited liability company ("*Naamloze Vennootschap*") incorporated in the Netherlands on May 18, 2015. The Company is headquartered at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands and its registered number with the Chamber of Commerce is 63329743. The objectives of the Company are to act as a holding company. The Company provides loans (or advances) to other Group entities, these loans are repayable on demand and do not bear any interest.

The Company was formed as part of a cross-border merger between Altice N.V., as the acquiring company and Altice S.A. (the "Predecessor Entity") as the company ceasing to exist. The merger became effective on August 9, 2015. The Predecessor Entity was under the ultimate majority control of Patrick Drahi (via Next Alt S.à r.l., "Next Alt") prior to the merger. Altice N.V. was also under majority control of Next Alt post-merger. As of December 31, 2016, Next Alt held 59.07% of the share capital of the Company.

3.2 Financial Instruments

Financial instruments includes the primary financial instruments (such as receivables and debts). All financial instruments are recorded in the balance sheet. The notes to the annual accounts disclose the fair value of the related instrument if this deviates from the carrying amount.

For the principles of primary financial instruments, reference is made to the recognition per the line item of the balance sheet as per the 'Principles for the valuation of assets and liabilities'.

3.3 Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing as of December 31, 2016 (the "balance sheet date").

Transactions in foreign currency during the financial year are recognised in the annual accounts at the exchange rates prevailing at transaction date. Balances held in foreign currencies are translated at the closing rate on balance date. Exchange differences resulting from the translation of foreign currency amounts are recognised in profit or loss in net finance costs.

3.4 Share-based payments

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 equity. 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 "other reserves".

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.5 Estimates

The preparation of the annual accounts requires Management to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

3.6 Principles of valuation of assets and liabilities

3.6.1 Financial fixed assets

Participations in group companies

The Company has made use of article 389.9, Book 2 Civil code, which enables departure from valuing subsidiaries at equity value if the company forms part of an internationally entangled group that values its direct and indirect subsidiaries at cost less impairment.

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

3.6.2. Receivables

Upon initial recognition the receivables are valued at fair value and subsequently measured at amortised cost. The fair value and amortised cost equal the face value. Provisions deemed necessary for possible bad debt losses are deducted. These provisions are determined by individual assessment of the receivables.

3.6.3 Cash

Cash is measured at face value. If cash is not freely disposable, this has been taken into account upon measurement.

3.6.4 Liabilities

Upon initial recognition, the loans and liabilities recorded are measured at their fair value and are subsequently measured at amortised cost.

3.7 Principles for the determination of the result

3.7.1 Net turnover

Net turnover represents amounts invoiced for services supplied during the financial year reported on, net of discounts and value added taxes.

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to December 31, 2016, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated to the same period.

3.7.2 Wages and salaries

With respect to employee stock option plans, to the extent that the exercise price at the moment of granting is lower than the fair value of the related shares, the balance at the moment of granting (the intrinsic value of an option) is recognised directly in the profit and loss account under wages and salaries.

The intrinsic value of an option is furthermore determined on every balance sheet date and on the settlement date. Any change in the intrinsic value is recorded through profit or loss.

3.7.3 Taxation

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax assets (if applicable) are recognised only to the extent that realisation is probable.

4. Notes to the balance sheet

4.1 Participations in group companies

Name of group company	Place of business	Economic interest	Investment (€m)
Altice Group Lux S.à r.l.	Luxembourg, Luxembourg	100.0%	6,881.2
i24News B.V.	Amsterdam, the Netherlands	100.0%	-
Altice Management Americas Corporation	Wilmington, Delaware, United States	100.0%	-
CVC 1 B.V.	Amsterdam, the Netherlands	99.1%	1,679.8
Altice Technical Services B.V.	Amsterdam, the Netherlands	70.0%	0.1
SFR Group S.A.[1]	Paris, France	84.0%	645.3
			9,206.4

1. The total capital of SFR Group S.A. held by the Group was 84.0% as at December 31, 2016. This differs to the total voting rights held, which amounted to 90.3%. The direct investment by the Company was 6.3% of the capital, which constituted 3.8% of the voting rights. Refer to note 4.5 for details about the Company's participation in SFR Group during 2016.

Details of the movements in the investments of group companies is shown in the tables below:

***Altice Group Lux S.à r.l., Luxembourg, Luxembourg* (€m)**	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Opening balance	5,985.4	-
Incorporation	-	-
Contributions	895.8	5,985.4
Closing balance	**6,881.2**	**5,985.4**

***i24News B.V., Amsterdam, The Netherlands* (€m)**	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Opening balance	-	-
Incorporation	-	-
Closing balance	**-**	**-**

***Altice Management Americas Corporation, Delaware, United States* (€m)**	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Opening balance	-	-
Incorporation	-	-
Closing balance	**-**	**-**

***CVC 1 B.V., Amsterdam, The Netherlands* (€m)**	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Opening balance	950.6	-
Contributions	729.2	959.7
Sale of shares	-	(9.1)
Closing balance	**1,679.8**	**950.6**

***Altice Technical Services B.V., Amsterdam, The Netherlands* (€m)**	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Opening balance	-	-
Incorporation	0.1	-
Closing balance	**0.1**	**-**

***SFR Group S.A., Paris, France* (€m)**	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Opening balance	-	-
Acquisition	645.3	-
Closing balance	**645.3**	**-**

The main movements in participations in Group companies during the year were:

- An increase in the investment in CVC 1 B.V. and Altice Group Lux S.A.as part of the acquisition of Optimum during June 2016, and
- a new investment by the Company in SFR Group S.A. as part of a share exchange (refer to note 4.5).

During 2015 investments were held in Altice Luxembourg S.A., Altice Corporate Financing S.à r.l. and Altice LP S.à r.l. (all Luxembourg, Luxembourg). These investments were contributed to Altice Group Luxembourg S.à r.l. during 2015.

4.2 Amounts due from group companies

Amounts due from group companies (€m)	December 31, 2016	December 31, 2015
Altice Management International S.A.	60.1	-
Redgreen S.A.	4.6	-
Altice Luxembourg S.A.	0.2	12.7
Altice Group Lux S.A.	0.1	-
Total	**65.1**	**12.7**

The amounts due from group companies are all due from entities within the Company's control. None of these receivables are long-term in nature nor do they accrue any interest.

4.3 Cash

Cash (€m)	December 31, 2016	December 31, 2015
Current accounts	1.7	49.5
Deposit accounts	-	1,653.3
Total	**1.7**	**1,702.9**

The current accounts are freely available to the Company. The deposit accounts of €1,653.3 million in 2015 had a duration of four months; the average interest percentage amounted to 0.49%. While the term of the deposits was four months, these amounts were presented in "cash" as the funds were freely available to the Company; the only penalty on use of the funds was that any accrued interest would be forfeited.

4.4 Share capital paid up and called up

Share capital paid up and called up December 31, 2016	Total shares authorised (number)	Total capital authorised (€m)	Number of shares issued (number)	Value per share (cents)	Total capital issued (€m)
Common A shares	8,299,152,975	83.0	972,363,050	0.01	9.7
Common B shares	293,884,439	73.5	267,035,516	0.25	66.8
Preference A shares	4,700,000,000	188.0	-	-	-
Preference B shares	150,000,000	1.5	-	-	-
Total	**13,443,037,414**	**346.0**	**1,239,398,566**		**76.5**

Share capital paid up and called up December 31, 2015	Total shares authorised (number)	Total capital authorised (€m)	Number of shares issued	Value per share	Total capital issued (€)
Common A shares	8,168,034,850	81.7	841,244,925	0.01	8.4
Common B shares	299,129,164	74.8	272,280,241	0.25	68.1
Preference A shares	4,700,000,000	188.0	-	-	-
Preference B shares	150,000,000	1.5	-	-	-
Total	**13,317,164,014**	**346.0**	**1,113,525,166**		**76.5**

For the year ended December 31, 2016, the Company received and executed conversion orders amounting to a total of 5,244,725 common shares B. Common shares B are converted to 25 common shares A, and 24 common shares A

are acquired by the Company as treasury shares, for nil consideration. As of December 31, 2016, the Company held a total of 107,324,976 common shares A with a nominal value of €0.01 each as treasury shares (shares of the Company that are held by the Company itself). The consideration paid for the acquisition of the treasury shares was nil.

4.5 Additional paid in capital

Additional paid in capital (€m)	December 31, 2016	December 31, 2015
Opening balance	8,473.4	-
Premium on Merger	-	6,875.5
Additional investments	645.3	1,605.1
Transaction costs	-	(7.2)
Total	**9,118.7**	**8,473.4**

In October and December 2016, the Company entered into private, off market transactions with certain non-controlling shareholders of SFR Group, as per the terms of which, the Company exchanged its own common shares A for common shares in SFR Group. The total value of the transaction was €645.3 million.

4.6 Other reserves

Other reserves (€m)	December 31, 2016	December 31, 2015
Opening balance	31.2	-
Stock option expense	18.7	31.2
Total	**49.9**	**31.2**

In 2015 the amounts were recognized under the caption “legal reserve”. After reviewing the requirements under the Title 9, Book 2 of the Netherlands Civil Code for such reserves, the amounts included in the legal reserve in 2015 were reclassified to other reserves, as presented above.

4.7 Retained earnings

Retained earnings (€m)	December 31, 2016	December 31, 2015
Opening balance	61.5	-
Result for the period	(90.2)	61.5
Total	**(28.7)**	**61.5**

4.8 Reconciliation of equity to the consolidated financial statements

The difference between equity and net result as per the Company's annual accounts and the financial statements of the consolidated Group are due to the different transactions that impact the equity of the other Group companies that are consolidated into the Group financial statements. Such impacts include:

- Net income of other group entities included in the consolidated accounts of the Group,
- Transactions recorded in other comprehensive income under IFRS as adopted in the EU ("EU-IFRS"), and
- Transactions with non-controlling interests that have interests in other subsidiaries of the Group.

A full reconciliation of the Group's consolidated equity (prepared using EU-IFRS) to that of the Company-alone equity (prepared in accordance Title 9, Book 2 of the Netherlands Civil Code) is provided in the table below:

		Reconciling items between consolidated equity and standalone equity												
Reconciliation of Group equity to Company-only equity	**Group equity**	**Equity of group companies at date of merger**	**Merger with Altice S.A.**	**Transactions with non-controlling interests**	**Consolidated currency translation reserve**	**Consolidated cash Flow hedge reserve**	**Consolidated stock option plan**	**Consolidated available for sale reserve**	**Consolidated employee benefits reserve**	**Result of other Group companies**	**Dividends paid by Group companies**	**Other movements in equity**	**Total**	**Standalone equity**
Opening	1,869.8	(5,224.1)	6,934.0	4,018.8	(11.1)	127.4	(28.0)	(0.5)	0.1	362.7	555.5	38.0	6,772.9	8,642.7
Consolidated loss for the period	(1,861.5)	-	-	-	-	-	-	-	-	1,771.2	-	-	1,771.2	(90.2)
Transactions recorded in comprehensive income in consolidated accounts[1]	(357.2)	-	-	-	(181.0)	498.0	-	(0.5)	40.6	-	-	-	357.2	-
Share based payment	85.1	-	-	-	-	-	(85.1)	-	-	-	-	-	(85.1)	-
Dividends[2]	(131.1)	-	-	-	-	-	-	-	-	-	131.1	-	131.1	-
Transaction with non-controlling interests[3]	(1,793.9)	-	-	2,447.4	-	-	-	-	-	-	-	-	2,447.4	653.5
Other	(150.8)	-	-	-	-	-	-	-	-	-	-	161.2	161.2	10.4
Total closing	**(2,339.5)**	**(5,224.1)**	**6,934.0**	**6,466.2**	**(192.2)**	**625.4**	**(113.0)**	**(0.9)**	**40.8**	**2,133.9**	**686.6**	**199.2**	**11,555.9**	**9,216.4**

1. These transactions are recorded in other comprehensive income in the Group's consolidated financial statements, there are no such transactions in the Company.
2. Dividends paid by Group entities during the period, no dividends were paid by the Company.
3. The Company's transactions with non-controlling interests are mainly the SFR share exchange, as described in note 4.5.

No declaration of liability or other securities have been provided for the Company.

4.9 Amounts due to group companies

Amounts due to group companies (€m)	December 31, 2016	December 31, 2015
Due to Altice Corporate Financing S.A.	39.7	-
Due to CVC 1 B.V.	-	9.5
Due to Altice US Holding I S.C.A.	1.0	-
Due to Altice US Holding II S.à r.l	1.0	-
Total	**41.7**	**9.5**

These liabilities all related to companies in which the Group has control; none of the payables were long-term in nature and did not bear interest.

4.10 Accrued liabilities

Accrued liabilities (€m)	December 31, 2016	December 31, 2015
Accruals	12.0	-
Other employee benefits	1.2	-
Other accrued expenses	-	0.1
Total	**13.2**	**0.1**

An amount of €12.0 million (2015: nil) of accruals related to fees payable to Next Alt, being the brand licence and service agreement. None of these liabilities were long-term in nature.

4.11 Stock option plans or other stock related rights

For the year ended December 31, 2016, the Company recorded €18.7 million as expenses related to stock options (€18.5 million for the year ended December 31, 2015). Details of the material grants of options under the stock option plan ("SOP") during the year are given below:

Altice N.V SOP	Number granted (m)	Weighted average exercise price (€)
Options outstanding as at January 1, 2015	**36.8**	**7.30**
Granted	4.5	19.20
Exercised	-	-
Cancelled, lapsed	(1.2)	7.10
Options outstanding as at December 31, 2015	**40.1**	**8.60**
Granted	4.4	15.09
Exercised	-	7.06
Cancelled, lapsed	(1.3)	12.00
Options outstanding as at December 31, 2016	**43.2**	**9.16**

The fair value of the stock option plan is measured using a Black and Scholes valuation model, using the following assumptions:

Altice N.V. SOP	January 11, 2016	May 13, 2016	July 8, 2016	November 11, 2016
Units granted (m)	0.44	1.40	0.53	0.40
Expiry date	January, 2026	May, 2026	July, 2026	November, 2026
Unit fair value at the grant date (€)[3]	1.24	1.09	1.68	1.57
Share price at the grant date (€)	14.17	14.03	12.75	16.19
Exercise price of the option (€)	17.00	13.48	13.74	16.45
Anticipated volatility (weighted average)[1]	24.36%	23.86%	30.34%	22.62%
Anticipated dividends[2]	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.54%	0.12%	0.00%	0.31%

Altice N.V. SOP	January 31, 2015	May 1, 2015	September 1, 2015	December 1, 2015
Units granted (m)	0.2	0.11	3.1	0.21
Expiry date	January, 2025	May, 2025	September, 2025	December, 2025
Unit fair value at the grant date (€)	2.85	4.9	3.3-4.07	1.2
Share price at the grant date (€)	18.5	23.1	23.7	17
Exercise price of the option (€)	13.6	12.6	21.7	14.3
Anticipated volatility (weighted average)[1]	23%	23%	27%	24%
Anticipated dividends[2]	2.50%	2.50%	2.50%	2.50%
Risk free interest rate (governments bonds)	0.30%	0.37%	0.80%	0.47%

1 The anticipated volatility is based on the average volatility of a select peer group given that the Altice NV share has traded for less than 5 years.

2 Anticipated dividends are based on a consistent 2.5% policy over a 10-year horizon, in line with the Company's policy. While dividends have not been paid in the past two years, the Company will assess its policy and at times consider returning capital to shareholders through ordinary and exceptional dividends as well as share buybacks if deemed adequate on the basis of its review of the opportunity set for acquisitions or development projects.

3 The expected life of the options used in determining the fair value of the is assumed to be the same as the expiry date (10 years).

4.12 Non-recognised assets and liabilities and contingent assets and liabilities

There were no such items as at December 31, 2016 (2015: nil).

5. Notes to the profit and loss account

5.1 Net turnover

Net rutnover (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Management services	60.2	-
Total	**60.2**	-

The Company receives management fees from companies within the Group for a variety of services that it provides. These services include general management services in relation to the Group's long-term strategy, and in relation to acquisitions and divestments of investments and consulting services related to corporate development and general organization matters for the Group. The Company also receives fees from Group companies that participate in the Company's share option plan, (refer to note 5.2) and those that benefit from the brand and service agreement (refer to note 5.3). The revenue presented originates from Group companies in Switzerland and Luxembourg.

5.2 Wages and salaries

Wages and salaries (€m)	Year ended December 31, 2016	Year ended December 31, 2015
Stock option plan expenses	18.7	18.5
Salaries[1]	1.2	0.3
Directors fee	1.3	0.1
Total	**21.2**	**18.9**

1 Salaries includes €18,945 for social security costs.

During the year the Company employed 1 employee (2015: 1) in the Netherlands in the Finance sector. The Company has four executive directors and three non-executive directors, refer to page 15 for the names of directors.

In 2015 the expenses for the stock option plan were presented as financial expenditure. To match the presentation in the consolidated financial statements, these costs have been reclassified and presented within wages and salaries. The total reclassification was €18.5 million in 2015.

Stock option plan

The SOP is administered by the Company, but relates to senior employees of the Company and its subsidiaries. The Company receives management fees from subsidiaries in return for administering this service, refer to note 5.1.
As part of the listing process, the Company adopted a new remuneration policy and company stock options were issued to executive directors and certain senior managers of the Group.

The options were valued using the Black and Scholes model, considering the modalities of the options as described in the articles and bylaws of the Company.

As part of the corporate restructuring in 2015, the Company adopted a SOP similar to the one proposed by its Predecessor Entity. The new stock option plan issued by the Company has been considered as a replacement of equity instruments issued by its predecessor entity and based on the fair value of the new SOP at the modification date, and the Company continue to expense the initial fair value not yet recognised over the original vesting period.

Each option granted entitles the holder to acquire one Common Share A 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.

Compared to the year ended December 31, 2015, the Group has made amendments to the stock option plan ("SOP"), and instituted a new Long Term Incentive Plan ("LTIP") and made grants under these plans. Under the amended plan, grants of new awards will comprise 50% equity and 50% cash components; in contrast the original SOP, was 100% equity based. The vesting of these awards will differ based on whether the employee had received grants under the original SOP. For employees who had previously received awards, future grants will vest 100% three years following grant date. The vesting of awards granted to employees the first time will follow the vesting pattern of the original SOP (i.e. 50% two years from grant date and 25% in each of years three and four following grant date). All cash components to these awards are subject to performance criteria.

5.3 Other operating expenses

Other operating expenses (€m)	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Brand and licence service agreement	41.3	-
Transaction fees	14.3	-
Legal and advisory expenses	5.3	2.1
Business insurance	1.0	-
Audit fees	0.6	-
General adminsitration expenses	1.7	1.3
Total	**64.2**	**3.4**

Brand and license service agreement

This agreement was signed during the year and provides the Company and its subsidiaries the exclusive right to use the Altice brand for corporate identification purposes and commercial purposes in the telecommunications, content and media sectors. This is a related party transaction, and is disclosed as such in the Group's financial statements. The fee is calculated at 0.2% of total revenues of the Group. Under the terms of the contract, Next Alt is eligible to receive a variable remuneration starting from 2017 onwards.

Transaction fees

The transaction fees incurred during the year were in relation to the acquisition of subsidiaries in the United States.

Audit fee

During 2016 the Company incurred fees with its principal auditor Deloitte amounting to a total of €616,795. Of this, an amount of €376,495 were related to the audit of the annual accounts of the Company and the remaining amount of €240,300 were related to other attest services relating to comfort letters.

5.4 Net finance costs

Net finance costs (€m)	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Interest received	4.1	1.8
Equity commitment fee	-	(6.1)
Loss/gain on foreign exchange transactions	(69.1)	88.1
Total	**(65.0)**	**83.8**

The foreign exchange translation is related to balances held in US dollar at the bank at balance sheet date. The equity commitment fee in the prior year was incurred related to the capital increase in 2015 related to the US acquisition.

6. Subsequent events

There were no events subsequent to balance sheet date that had an impact on these annual accounts.

Directors

The Company has four executive directors and three non-executive directors.

Executive directors

D. Goei	D.L. Okhuijsen
A4 S.A.	M. Combes

Non-executive directors

J.J.H. van Breukelen	S.W. Matlock	J.L. Allavena

Amsterdam, March 30, 2017

III. OTHER INFORMATION

3.1 Independent auditor’s report on financial statements

Independent auditor's report

To the shareholders and the Board of Directors of Altice N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL ACCOUNTS

Our Opinion

We have audited the financial statements 2016 of Altice N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements included in these annual accounts give a true and fair view of the financial position of Altice N.V. as at December 31, 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements included in these annual accounts give a true and fair view of the financial position of Altice N.V. as at December 31, 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2016.

2. The following statements for the year ended December 31, 2016: the consolidated statement of income, of comprehensive income, changes in equity and cash flows.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at December 31, 2016.

2. The company profit and loss account for the year ended December 31, 2016.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Altice N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced.
We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement we determined the materiality for the consolidated financial statements as a whole at € 200,000,000. The materiality is based on 2.5% of Operating income before depreciation, amortization, impairment and other expenses & income. Materiality increased compared to prior year mostly linked to the growth of the group via the acquisition of Cablevision Systems Corporation as well as full year effect of the acquisitions of Portugal Telecom and Cequel. We reduced the percentage from 3.0% to 2.5% of operating income before depreciation, amortization, impairment and other expenses & income.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Board of Directors that misstatements in excess of €10,000,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Altice N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Altice N.V..

Our group audit mainly focused on the following significant operating entities being SFR Group S.A. (France), Cablevision Systems Corporation & Cequel Corporation (USA), Portugal Telecom SGPS S.A. (Portugal). To reach appropriate coverage we have also included Cool Holdings Ltd (Israel) and Altice Hispaniola S.A. (Dominican Republic). We also covered various financing entities, including but not limited to Altice Financing S.A., Altice Luxembourg S.A., Altice Corporate Financing S.à r.l. and Altice Finco S.A. or management companies such as Altice Management International S.A..

The following entities were subject to a full scope audit

Entity	Segment	Entity	Segment
Altice N.V.	Other	SFR Group S.A.	France
Cablevision Systems Corp (*)	USA	Cequel Corp.	USA
Portugal Telecom SGPS S.A.	Portugal	Cool Holdings Ltd	Israel
Altice Hispaniola S.A.	Dominican Republic	Altice Luxembourg S.A..	Other

(*) from the date of acquisition by the group

Other entities have been scoped in for audit of specific account balance, class of transaction or disclosures, namely the financing entities of the group for which audit procedures were performed on borrowings, related interests and derivatives. Additional entities have been scoped in for audit of specific account balance, class of transaction or disclosures according to their overall contribution to such account balance, class of transaction or disclosures. Procedures have been performed on the financing entities of the group mentioned above.

In addition, we performed procedures at consolidated level to re-examine our assessment that there are no significant risks of material misstatement within the smaller components.

We have:

- Performed audit procedures ourselves at group level on Altice Corporate Financing S.à r.l. and CVC 1 B.V..

- Used the work of other auditors when auditing the operating entities mentioned above or the financing entities mentioned above.

- Performed review procedures or specific audit procedures at other group entities.

The group audit team provided detailed instructions to all component auditors that covered significant audit areas including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team. We also allocated specific materiality to the component auditors based on the size of the activity of the local entities and the significant risks identified for these entities. Senior members of each component audit team attended a kick off meeting hosted by the group audit team covering, understanding of the group, its business, risks and its core strategy, presentation by the Chief Financial Officer and Chairman of the audit committee, a discussion of the significant risks and workshops on our planned audit approach.

Senior members of the group engagement team visited component auditors and performed file reviews for all locations that were subject to an audit of the complete set of financial statements. Conference calls and physical planning meetings were held with all the component auditors. During these visits and calls, the findings and observations reported to the group audit team were discussed in detail. Any further work deemed necessary by the group audit team was subsequently performed.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the key audit matter was addressed in the audit
Sensitivities in valuation of goodwill and intangible assets	
At December 31, 2016, Goodwill balance amounts to €23,045.7 million while Intangible assets balance amounts to €29,412.1 million. Under IFRS as adopted in the EU, the group is required to test annually for impairment Goodwill and Intangible assets with indefinite useful lives. This annual impairment testing is significant to our audit because the assessment process is complex and judgemental. Such test is based on assumptions that are affected by expected market or economic conditions. The key assumptions used in the preparation of forecasts (see note 5 to the consolidated financial statements) are: - perpetuity growth rates - EBIT margin - (country specific) discount rate	We obtained an understanding of controls surrounding Impairment Testing. We performed audit procedures on all impairment models relating to material cash generating units. Mainly the group engagement team, with the exception of certain locations for which we reviewed the work performed by the component teams, performed these audit procedures. We challenged management's assumptions with reference to historical data and, where applicable, external benchmarks noting the assumptions used fell within a reasonable range. We tested the accuracy and completeness of models with the assistance of our own specialists. We carried out sensitivity analysis on the key inputs of the impairment model to understand the impact that reasonable decrease of growth rate or margin would have on the carrying value. We considered the appropriateness of the related disclosures provided in the consolidated Financial Statements. In particular, we considered the completeness of the disclosures regarding those Cash Generating Units or Group of Cash Generating Units with material goodwill balances and where a reasonably possible change in certain variables could lead to impairment.

	For Goodwill and intangible assets where management determined that no impairment was required, we found that these judgements were supported by reasonable assumptions.

Acquisition of Cablevision Systems Corporation and Completion of Purchase Price Allocation of Suddenlink & Portugal Telecom

As disclosed in note 5 to the consolidated financial statements, the group performed the following: On June 21, 2016, the group completed the acquisition of a controlling stake in Cablevision Systems Corporation, a leading cable operator in the New York area in the US. The consideration transferred amounted to €8,025.4 million on a cash free, debt free basis. The primary element of the valuation exercise assessed the fair value of the identifiables intangible assets in form of franchise of €7,185.1 million, customer relationship of €4,286.3 million, brand for €892.7 million and also tangible assets (Property, Plant and Equipment) for €4,288.3 million. During the year ended December 31, 2016, the group finalised the valuation of certain assets and liabilities identified as part of the acquisition of Suddenlink Communications, based on its continuing evaluation of the fair value of the identifiable assets and liabilities. The finalization of the valuation exercise led to a decrease compared to previously reported figures for Franchises (€68.7 million) and Property, Plant and Equipment (€85.3 million). Valuating the Intangible assets was significant to our audit as the assessment process is complex and judgemental by nature as it is based on assumption on future market and economic condition, impacting the estimates regarding future cash flows. The group hired third party valuation experts to assist in the valuation of these intangible assets and goodwill.	We obtained an understanding of controls around the accounting for Business Combinations. We inquired of management throughout the year regarding new transactions the Company considered and of their business purpose. We read relevant contracts, agreements, board minutes which supported our conclusions in respect of the acquisition accounting. We evaluated management's accounting papers on how IFRSs have been applied to determine whether the group has control over these business as well as for the acquisition accounting. We evaluated the work performed by the management and its external valuation experts, including the valuation of the identified intangible and tangible assets. We involved internal specialists to challenge the methodology and underlying assumption used in the valuation. We found methodologies and assumptions applied to be within a reasonable range. We assessed the completeness of the identification of the assets acquired and assessed the appriopriateness of the assets's useful lives. The assets identified and useful life are consistent with our expectations.

Restructuring in France and in the United States	
As disclosed in note 4.2.2 to the consolidated financial statements, the Group announced: - restructuring of the distribution activity with a voluntary departure plan (France) - new voluntary departure plan to be launched in July 2017 with possiblity to suspend employment from Q4 2016 (France) - voluntary plan with conditions to be defined for the period from July 2017 to June 2019 (France) - voluntary retirement plan open to certain employees open from December 2016 at Altice USA Provision for an amount of €329.9 million has been recorded in consideration of the above for the year ended December 31, 2016. Judgement was required on: - Assessing whether a contructive obligation existed as of December 31, 2016 regarding the 2nd and 3rd phase of the plan in France - Assessing whether a contructive obligation existed as of December 31, 2016 for the US employees who accepted the offer in December 2016 and January 2017. - Assessing whether the Group could record an expense in regards to the US plan even if management offer was revocable as of December 31, 2016.	We obtained an understanding of controls surrounding accounting for restructuring. We inquired of management regarding the existence of additional voluntary retirement plan or voluntary departure plan within the group. We read relevant agreements, minutes of meeting with employee representative and unions, board minutes. We discussed with component auditors to understand the legal requirements in each country. We evaluated management's accounting paper on how IFRSs have been applied for these voluntary departure plan. We obtained and audited management computation of the provision as of December 31, 2016 and ensure that the provision for restructuring as well as provision for termination benefits was complete and accurate. We evaluated whether the related disclosures included relevant and appropriate information. We agreed the non-financial disclosures to supporting documentation.

Taxation	
The group operates across a large number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including transfer pricing,indirect taxes and transaction-related tax matters. During the year, in connection with the implementation of the Altice Way, the group implemented the "Altice Way" fee for certain subsidiairies for the services provided by the corporate entities. The group also entered into a brand & services agreement with Next Alt S.à r.l. its controlling shareholder (refer to note 30). The group engaged with economic, tax and legal experts to determine the appropriate benchmark and percentage to apply to ensure the level was appropriate and in compliance with OECD guidelines.	We obtained an understanding of controls around accounting for income taxes. We performed audit procedures on the management's position papers in respect of these issues and supporting evidence. We challenged management's assessment around the validity of the tax positions and the risk of potential future economic outflows. We challenged management plans regarding recoverability of tax losses carried-forward and ensured consistency of assumptions with the model used in impairment testing. We obtained and read the agreements supporting the "Altice Way" fee as well as the brand & services agreement with Next Alt S.à r.l. and studies prepared by management experts. Assisted by transfer pricing specialists, we assessed whether the documentation prepared was in accordance with OECD guideline and Base Erosion and Profit Shifting principles. We challenged the composition of the benchmark of comparable transactions as well as the basis of computation of the fee and its rate.

	We also engaged with specialists in each jurisdiction concerned to determine whether the analysis & agreement was consistent with local practices. We considered the appropriateness of the related disclosures provided in the consolidated Financial Statements. In particular, we considered the completeness of the disclosures regarding transaction with related parties regarding the Brand & Services agreement.
Sensitivities in accounting for claims from third parties	
A number of claims have been brought against the Group. Management judgement regarding the timing or amount at stake has a significant impact on the amount of the provision (see note 32 to the consolidated financial statements). During the year ended December 31, 2016 the group was fined a total of €95 million penalties by Competition Authority in France and further €40 million in March 2017 (note 4.2.2 and 32). In addition, a total of €128.2 million for provision for litigation was recorded in the consolidated financial statements (note 4).	We obtained an understanding of controls surrounding monitoring of litigation and provision valuation process We reviewed management's papers in respect of the provisions and supporting evidence. We also sent confirmation letters to the different lawyers to corroborate management's assessment of the validity of the provisions, and the risk of economic outflow. In the different jurisdictions when deemed necessary, we involved our own experts to read the communication exchanged between the parties and assess the exposure for the Altice group and compared it with management assessment. We have considered the advice and opinions provided to management. We considered the disclosures in respect of claims from third parties.
Revenue recognition – accuracy of revenues recorded given complexity of systems	
There is an inherent risk around the accuracy of revenue recorded given the complexity of systems and the impact of changes in pricing models to revenue recognition (Discounts, incentives, bundles, etc.). The application of revenue recognition accounting standards is complex and involves a number of estimates and key judgements.	We instructed component auditors to obtain : - An understanding of controls surrounding revenue recognition considering the various streams of revenues. - Evaluate the relevant IT systems (including billing systems), design of controls, and tested operating effectiveness of controls with the assistance of information technology specialist. Testing included capture and recording of revenues arrangement, management of rate changes around billing systems. - Test reconciliation between billing systems and accounting records

	- Perform test of details on sample of customer bills and traced these to cash received. - Perform analytical procedures based on historical revenues adjusted by changes in market condition and other information obtained during the audit. We also considered the alignment of accounting policies of the newly controlled entities with the group accounting policies and whether the accounting for new streams of revenues was appropriate and in accordance with the current standards on revenue recognition. We ensured that allocation of revenues to the various segments was appropriate.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

Management Report

- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the Board of Directors as auditor of Altice N.V. on August 7, 2015, for the audit of the period ended December 31, 2015 and have operated as statutory auditor ever since that date.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management and the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, April 7, 2017

Deloitte Accountants B.V.

Originally signed by Eddy R. Termaten

3.2 Statutory provisions concerning appropriation of result

According to article 30 of the Articles of Association of the Company:

- Out of the profits accrued in a financial year, first a preferred amount of 0.01% per annum of the paid up part of the aggregate nominal value of the issued Preference Shares A is added to the retained earnings reserve exclusively for the benefit of the holders of Preference Shares A, and subsequently an amount equal to 0.01% per annum of the aggregate nominal value of the issued Preference Shares B is added to the retained earnings reserve exclusively for the benefit of the holders of Preference Shares B. If, in a financial year, no profit is made or the profits are insufficient to allow the addition to the retained earnings reserve for the Preference Shares A, the deficit shall be added from profits earned in following financial years (Article 30.1).

- Each year the Board may determine which part of the profits after application of Article 30.1 shall be reserved (Article 30.2).

- The General Meeting may resolve to distribute any part of the profits remaining after reservation in accordance with Article 30.2, provided that out of such profits (i) no further additions shall be made to the retained earnings reserve for Preference Shares A and/or Preference Shares B and (ii) no distributions shall be made on the preference shares. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved.

- Distributions may be made only up to an amount which does not exceed the amount of the Distributable Equity.

3.3 Appropriation of result for the year

Management proposes to allocate the entire loss for the year to the retained earnings.

3.4 Subsequent events

Events that occurred subsequent to the balance sheet date are detailed in Note 36 to the Consolidated Financial Statements.