

## EMEA DC Meeting Statement 24 April 2020

Altice Luxembourg S.A.

Issue Number 2020030301

Capitalised terms used but not defined in this statement have the meaning given to them in the Credit Derivatives Determinations Committees Rules (September 28, 2018 version, as amended on January 27, 2020 and March 30, 2020) (including in the 2014 Definitions and the Updated 2003 Definitions, as applicable, as defined therein).

### 1. SUMMARY

The EMEA DC has decided that for the purposes of both 2014 Transactions and Updated 2003 Transactions, Altice France Holding S.A. (**Altice France Holding**) became the sole Successor to Altice Luxembourg S.A. (**Altice Luxembourg**) on 26 March 2020.

### 2. FACTUAL BACKGROUND

#### 2.1 The obligations of Altice Luxembourg

- (a) On 24 January 2020, Altice Europe N.V. (**Altice Europe**) announced a transaction (the **Altice Europe January Announcement**) that Altice Europe stated had the intention of simplifying the group's capital structure and resulting in two separate funding pools (Altice France and Altice International).<sup>1</sup> The transaction included the redemption or exchange of the following four series of notes, issued in each case by Altice Luxembourg:
- (i) €750,000,000 Euro-denominated 6.25% senior notes due 2025 (the **Euro 2025 Notes**) with ISINs XS1117299302 (144A) and XS1117300241 (Reg S);
  - (ii) \$1,480,000,000 USD-denominated 7.625% senior notes due 2025 (the **USD 2025 Notes**, and together with the Euro 2025 Notes, the **2025 Notes**) with ISINs US02154VAB71 (144A) and USL0179ZAC88 (Reg S);
  - (iii) €1,400,000,000 Euro-denominated 8.00% senior notes due 2027 (the **Euro 2027 Notes**) with ISINs XS1992154424 (144A) and XS1992154341 (Reg S); and
  - (iv) \$1,600,000,000 USD-denominated 10.50% senior notes due 2027 (the **USD 2027 Notes**, and together with the Euro 2027 Notes, the **2027 Notes**) with ISINs US02156DAA72 (144A) and USL01802AA24 (Reg S).
- (b) Altice Luxembourg had also entered into a revolving credit facility. However, the information available in the Altice Europe 2019 Annual Report (dated 2 April 2020) (the **2019 Accounts**)<sup>2</sup> states that, as of the reporting date, no amount had been drawn under such facility. Therefore, the revolving credit facility was not relevant to the determination of whether there was a Successor to Altice Luxembourg.

<sup>1</sup> Press Release dated 24 January 2020 available at: <http://altice.net/sites/default/files/pdf/Altice%20Europe%20N.V.%20announces%20significant%20simplification%20of%20the%20group%20capital%20structure.pdf>

<sup>2</sup> Annual Report available at: <http://altice.net/sites/default/files/pdf/Altice%20-%20Annual%20report%202019%20-%20vf2.pdf>

## 2.2 The Partial Redemption of the 2025 Notes

On 24 January 2020, notices of conditional partial redemption were issued in respect of €500,000,000 of the Euro 2025 Notes and \$1,200,000,000 of the USD 2025 Notes, respectively, specifying a redemption date of 23 February 2020.<sup>3</sup> The 2019 Accounts confirm the partial redemption of the 2025 Notes occurred.<sup>4</sup>

## 2.3 The Exchange of the 2027 Notes

- (a) On 24 January 2020, Ypso Finance Bis S.A. (**Ypso**) announced an offer to exchange any and all of the Euro 2027 Notes and the USD 2027 Notes for new Ypso issued Euro-denominated 8.00% senior notes due 2027 (the **Ypso Euro 2027 Notes**) and new USD-denominated 10.50% senior notes due 2027, respectively, (the **Ypso USD 2027 Notes**, and together with the Ypso Euro 2027 Notes, the **Ypso 2027 Notes**) (the **Ypso Exchange Offer**) upon the terms and conditions of the exchange offer memorandum dated as of January 24, 2020.<sup>5</sup>
- (b) On 25 February 2020, Ypso announced that the principal amounts tendered pursuant to the Ypso Exchange Offer represented 94.10% of the Euro 2027 Notes and 97.63% of the USD 2027 Notes, with the Ypso 2027 Notes to be issued on the third Business Day following 24 February 2020 (the **First Exchange Date**) (the **Ypso Exchange Offer Final Results**).<sup>6</sup>

## 2.4 The redemption of the remainder of the 2025 Notes and 2027 Notes

The remainder of the 2025 Notes were redeemed on 7 March 2020 and the remainder of the 2027 Notes were redeemed on 6 March 2020.<sup>7</sup> As this occurred after the Ypso Exchange Offer, these redemptions do not affect the identity of the Successor.

## 2.5 Ypso's obligations and the Automatic Exchange<sup>8</sup>

- (a) On 26 March 2020 (the **Second Exchange Date**), (i) the Ypso USD 2027 Notes were exchanged automatically for an equal aggregate principal amount of USD 10.500% senior notes due 2027 issued by Altice France Holding; and (ii) the Ypso Euro 2027 Notes were exchanged automatically for an equal aggregate principal amount of Euro 8.000% senior notes due 2027 issued by Altice France Holding.
- (b) Separately, on 6 February 2020, Ypso had also issued USD 1,225,000,000 6% Senior Notes due 2028 (the **Ypso USD 2028 Notes**) and EUR 500,000,000 4% Senior Notes due 2028 (the **Ypso Euro 2028 Notes** and, together with the Ypso USD 2028 Notes, the **Ypso 2028 Notes**). The Ypso USD 2028 Notes and Ypso Euro 2028 Notes were also exchanged automatically on the Second Exchange Date for an equal aggregate principal amount of USD 6% senior notes due 2028 issued by Altice France Holding and an equal aggregate principal amount of Euro 4% senior notes due 2028 issued by Altice France Holding (the automatic exchange of the Ypso 2027 Notes and the Ypso 2028 Notes, the **Automatic Exchange**).

## 3. DETERMINATION OF THE SUCCESSOR UNDER 2014 TRANSACTIONS

- (a) Under the 2014 Definitions, an entity "succeeds" to a Reference Entity and its Relevant Obligations when it "(i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement [...] or (ii) issues Bonds or incurs Loans (the "Exchange Bonds or Loans")

<sup>3</sup> Note 23 February 2020 was a Sunday such that the amounts were to be paid on the following Business Day.

<sup>4</sup> Partial 2025 Redemption Notices dated 24 January 2020 available at [www.bourse.lu](http://www.bourse.lu). See also page 76 of the 2019 Accounts.

<sup>5</sup> Announcement of Exchange Offer dated 24 January 2020 available at: <http://altice.net/sites/default/files/pdf/Exchange%20Offer%20-%20launch%20announcement.pdf>

<sup>6</sup> Ypso Exchange Offer Final Results available at: <http://altice.net/sites/default/files/pdf/Exchange%20Offer%20-%20Final%20Results.pdf>

<sup>7</sup> The Redemption Notices are available at [www.bourse.lu](http://www.bourse.lu). See also the 2019 Accounts.

<sup>8</sup> See page 77-78 of the 2019 Accounts.

*that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable".<sup>9</sup>*

- (b) Immediately prior to the First Exchange Date (which fell after the partial redemption of the 2025 Notes but before the full redemption of the 2025 Notes), Altice Luxembourg had €250,000,000 and \$280,000,000 of the aggregate principal amount of the 2025 Notes outstanding and €1,400,000,000 and \$1,600,000,000 of the aggregate principal amount of the 2027 Notes outstanding. The aggregate combined principal amount outstanding immediately prior to the First Exchange Date in Euro and USD was therefore €1,650,000,000 and \$1,880,000,000. These figures represents the "Relevant Obligations" of Altice Luxembourg (hereafter, **Relevant Obligations**).
- (c) Under the 2014 Definitions, the definition of "Successor" provides that *"if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five per cent or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor for the entire Credit Derivative Transaction".<sup>10</sup>*
- (d) Pursuant to the Ypso Exchange Offer Ypso succeeded to 94.10% of the Euro 2027 Notes and 97.63% of the USD 2027 Notes (representing amounts equal to €1,317,374,000 and \$1,562,005,000, respectively (the **Exchanged Amounts**)).<sup>11</sup> The Exchanged Amounts represent approximately 79.840% and 83.085% of Altice Luxembourg's aggregate euro denominated and dollar denominated Relevant Obligations at such time. Ypso therefore directly succeeded to more than 75% of the Relevant Obligations of Altice Luxembourg and there is no evidence that Altice Luxembourg provided a guarantee in respect of the Ypso 2027 Notes.
- (e) The Relevant Obligations of Ypso were the 2027 Notes and 2028 Notes. 100 per cent. of the 2027 Notes and 2028 Notes were automatically exchanged into notes issued by Altice France Holding on the Second Exchange Date and there is no evidence that Ypso provided a guarantee in respect of the notes issued by Altice France Holding.
- (f) As there were two related successions and the Altice Europe January Announcement provided evidence that the successions formed part of an overall plan, the provisions of the 2014 Definitions relating to a "Steps Plan" apply. Accordingly, under Section 2.2(j), the Succession Date is the legally effective date of the final succession to Altice France Holding (i.e. the Second Exchange Date – 26 March 2020) and Section 2.2(b) provides that all related successions in respect of the Steps Plan should be considered in aggregate as if forming part of a single succession. As (i) Ypso succeeded to more than 75% of the Relevant Obligations of Altice Luxembourg and (ii) Altice France Holding succeeded to 100% of the Relevant Obligations of Ypso, Altice France Holding is the sole Successor to Altice Luxembourg.
- (g) Note that an entity can only be a Successor if the related Succession Date occurs on or after the Successor Backstop Date (being ninety calendar days prior to the Successor Resolution Request Date). This requirement was satisfied.

#### **4. DETERMINATION OF A "SUCCESSOR" UNDER THE UPDATED 2003 DEFINITIONS**

- (a) The Updated 2003 Definitions provide that *"if one entity directly or indirectly succeeds to seventy-five per cent or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor for the entire Credit Derivative Transaction".<sup>12</sup>* Given the linked

---

<sup>9</sup> Section 2.2(d) of the 2014 Definitions.

<sup>10</sup> Section 2.2(a)(i) of the 2014 Definitions.

<sup>11</sup> See Ypso Exchange Offer Final Results.

<sup>12</sup> Section 2.2(a)(i) of the Updated 2003 Definitions. Note that the definitions of "Relevant Obligations" under the Updated 2003 Definitions and 2014 Definitions are similar.

successions, the EMEA DC determined that Altice France Holding had indirectly succeeded to more than 75 per cent of the Relevant Obligations of Altice Luxembourg on 26 March 2020.

- (b) The Updated 2003 Definitions also require that the succession has occurred by way of a "Succession Event". A "Succession Event" is an *"event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement [...]"* Notwithstanding the foregoing, *"Succession Event" shall not include an event [...] in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event"*.<sup>13</sup>
- (c) As the Altice Europe January Announcement and the 2019 Q4 Earnings Release<sup>14</sup> made clear that each of the Ypso Exchange Offer and the Automatic Exchange formed part of a wider transaction which had the aim of (i) simplifying the Altice capital structure; (ii) creating two distinct and diversified funding pools (Altice France and Altice International); and (iii) removing Altice Luxembourg HoldCo from the capital structure, the EMEA DC determined that the transaction constituted a form of consolidation and/or transfer of liabilities and was within the scope of a Succession Event.
- (d) As with the 2014 Transactions, the requirement that the Succession Event occurred on or after the Succession Event Backstop Date was satisfied.

---

<sup>13</sup> Section 2.2(b) of the Updated 2003 Definitions.

<sup>14</sup> See page 3 of the 2019 Q4 Earnings Release. Available at:  
<http://altice.net/sites/default/files/pdf/Altice%20Europe%20N.V.%20Q4%202019%20Press%20Release.pdf>