SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS: COMMERCIAL DIVISION

IN RE ALTICE USA, INC. SECURITIES LITIGATION	Master Index No. 711788/2018 Commercial Division (Hon. Joseph Risi)

CONSOLIDATED COMPLAINT FOR VIOLATIONS OF THE SECURITES ACT OF 1933

Co-Lead Plaintiffs Ryan Newman, Brian LaPoint, and Andrew O'Neill (collectively, "Plaintiffs"), individually and on behalf of all others similarly situated, through their undersigned attorneys, allege the following based upon personal knowledge, as to Plaintiffs and Plaintiffs' own acts, and upon information and belief, as to all other matters, based on the investigation conducted by and through Plaintiffs' attorneys, which included, among other things, a review of filings with the U.S. Securities and Exchange Commission ("SEC") submitted by Defendant Altice USA, Inc. ("Altice USA" or the "Company") and its corporate parent, defendant Altice Europe N.V. ("Altice N.V."), as well as media and analyst reports about, and press releases issued by, Altice USA and Altice N.V. Plaintiffs believe that following a reasonable opportunity for discovery, substantial additional evidentiary support for the allegations set forth herein will become available.

NATURE OF THE ACTION

1. This is a securities class action brought on behalf of all persons who purchased or otherwise acquired Altice USA common stock pursuant or traceable to the Form S-1 Registration Statement (as amended: the "Registration Statement") and Prospectus (collectively, the "Offering Documents") issued in connection with Altice USA's June 22, 2017 initial public offering (the "Offering" or "IPO").

2. The action asserts strict-liability, non-fraud claims under §§11 and 12 of the Securities Act of 1933 (the "Securities Act") against Altice USA, certain current and former officers and directors of Altice USA, who signed the Offering Documents or were listed as incoming directors in the Prospectus, and the underwriters of the IPO (collectively, "Defendants"). Pursuant to §§11 and 12 of the Securities Act, Altice USA (as "issuer" of the subject securities) is strictly liable for materially false and misleading statements contained in, and for material omissions from, the Offering Documents. The other Defendants under §§11 and 12 of the Securities Act are similarly liable, subject to their right to try to establish an affirmative "due

diligence" defense. In addition, the action asserts claims for control person liability under §15 of the Securities Act against Altice N.V. (which owned and controlled Defendant Altice USA) and Defendant Patrick Drahi ("Drahi"; who controls Altice N.V. and each of its subsidiaries, including Defendant Altice USA).

3. Altice USA is a provider of broadband communications and video services in the United States. At all relevant times, Altice USA was also a subsidiary of Altice N.V., a Netherlands-based multinational telecommunications company founded by Defendant Drahi, and a part of the larger Altice Group (which includes all of Altice N.V.'s consolidated subsidiaries).

4. Altice N.V., in turn, was at all relevant times majority owned and controlled by Defendant Drahi. Drahi founded Altice N.V. in 2002, which started out as a regional French cable company. Drahi thereafter caused Altice N.V. to expand (primarily through acquisitions) into one of the world's largest transnational broadband communications and video services companies. As of the IPO, Altice N.V., through its affiliated Altice Group subsidiaries, delivered broadband, pay television, and telephony services to more than 50 million customers in Europe (primarily France and Portugal), the United States, Israel, and the Caribbean, and reported annual revenues of €23.5 billion.

5. Altice N.V. created Altice USA as its vehicle for expanding into the United States. This expansion was effectuated primarily through its acquisition of Cequel Corporation ("Suddenlink") in December 2015, and its subsequent acquisition of Cablevision Systems Corporation ("Cablevision") in June 2016. Altice N.V. conducted its newly acquired U.S. operations through its Altice USA subsidiary.

6. By 2016, Altice USA had become the Altice Group's second largest operating unit by revenue, accounting for 35% of the Altice Group's reported revenue in fiscal year 2016 (behind

only Altice N.V.'s French telecom subsidiary, SFR Group ("SFR"), which accounted for 47% of the Altice Group's reported revenue). Prior to the consummation of certain recapitalization transactions entered into just before and in connection with the June 2017 IPO, Altice N.V. indirectly owned and controlled 100% of Altice USA's equity and voting shares. Through Defendant Drahi's control of Altice N.V., at all relevant times, Defendant Drahi also controlled, directly or indirectly, Altice USA.

7. In the Offering Documents, Defendants attributed the purported success of the Altice Group's operations – including the Altice Group's Altice USA subsidiary – primarily to the adoption of the so-called "Altice Way." The Offering Documents summarized the "Altice Way" as a "founder-inspired owner-operator culture and strategy of operational efficiency, innovation and long-term value creation for stockholders[,]" which included the following five principles:

- ***Simplifying and optimizing the organization*** through streamlining business processes, centralizing functions and eliminating non-essential operating expenses and service arrangements.
- ***Reinvesting in infrastructure and content***, including upgrading [networks] to strengthen [ ] infrastructure capabilities and competitiveness.
- ***Investing in sales, marketing and innovation***, including brand-building, enhancing sales channels and automating provisioning and installation processes.
- ***Enhancing the customer experience*** by offering a technologically advanced customer platform combined with superior connectivity and service across the customer lifecycle.
- ***Driving revenue and cash flow growth*** through cross-selling, market share gains, new product launches and improvements in [ ] operation[s] and capital efficiency.

8. Market analysts viewed the "Altice Way" as differentiating the members of the Altice Group from other telecom companies and as conferring a competitive advantage on Altice Group members. For example, a July 11, 2017, Guggenheim Securities, LLC ("Guggenheim")

analyst report stated that "Leveraging operational efficiency is a key component of the Altice Way[.] . . . For example, we believe that reorganization efforts to align Altice USA's procurement and technical services under Altice NV's operations can allow for Altice USA to efficiently manage capital and operating expenditures and focus on investment in functional advantages." Similarly, an August 15, 2017, J.P.Morgan Chase & Co. ("J.P.Morgan") analyst report emphasized the significance of the Altice Way to the ability of Altice USA to compete successfully, stating "[w]e believe the Altice USA bull thesis remains intact with substantial EBITDA growth in the coming years as the company realizes its announced deal synergies and deploys its Altice Way operating strategy across its US-based systems." In a June 26, 2017, interview with *DigiWorld Economic Journal*, Defendant Michel Combes ("Combes") similarly emphasized how:

> Within Altice, we work in a horizontal way which makes us more efficient and flexible than the predominantly centralized and vertical organizations of our competitors. . . . In concrete terms, a well thought out innovation developed in one country may benefit all our subsidiaries and consequently all our customers throughout the world. In a word, we ensure that the knowledge and expertise of each subsidiary benefits the others.

9. Seeking to capitalize both on the recent positive financial performance of Altice USA's operations and on the reputation of the Altice Way and the Altice "brand," in the spring of 2017, Defendants Altice N.V. and Drahi (who indirectly owned and controlled 59.37% of Altice N.V.'s equity) announced that they would take Altice USA public (while retaining a controlling majority equity stake in the post-IPO Company). The IPO was successful, resulting in the sale, pursuant to the Offering Documents, of over 71 million shares of Altice USA common stock to the investing public (the members of the putative Class (defined below)) at an Offering price of $30.00 per share. The Underwriter Defendants collected roughly $71 million in underwriting fees and commissions in connection with the IPO.

10. The Offering Documents repeatedly touted Altice USA's close relationship with Altice N.V. and the other members of the Altice Group as important factors and competitive advantages in Altice USA's growth and prospects for future success. For example, the Offering Documents differentiated Altice USA from its competitors by emphasizing that "***Unlike most of our U.S. industry peers, we benefit from being part of an international media and communications group***. As the U.S. business of Altice N.V., ***we have access to the innovation, management expertise and best practices developed and tested in other Altice Group markets such as France***[.]" [Emphasis added]. The Offering Documents also described how Altice USA's close relationships with the other members of the Altice Group provided "scale benefits and operational expertise" that assisted Altice USA "in increasing our operating efficiency and reducing our capital expenditures while also improving the customer experience."

11. Similarly, the Offering Documents also stressed the Altice Group's (and Altice USA's) implementation of the Altice Way as a key strength. For example, the Offering Documents emphasized that Altice USA was "driven at all levels by the 'Altice Way[,]" and that Altice USA would "benefit from [ ] senior management's experience in successfully implementing the Altice Way around the world." Further highlighting the interdependence of, and close relationship between, Altice USA and Altice N.V., the Offering Documents also stated that Altice USA's "ability to attract and retain customers depends, in part, upon the external perceptions of Altice Group's reputation, the quality of its products and its corporate and management integrity."

12. However, as further discussed below, the Offering Documents' statements touting the "Altice Way" and purported benefits of its close interdependence on Altice N.V. were materially false and misleading and/or omitted to disclose material adverse facts. In particular, the Offering Documents nowhere disclosed that, notwithstanding Defendants' emphasis on the "Altice

Way," Altice N.V. had only partially implemented the Altice Way in its French SFR subsidiary's operations (which accounted for roughly 47% of the Altice Group's total revenue and over 70% of the Altice Group's non-U.S. revenue), or that the Altice Group's French operations were plagued by deteriorating financial performance – and suffered from such severe problems that it was poised to report an especially severe and damaging decline in its financial results within just a few months of the IPO. As the extent of the sharp deterioration of the Altice brand and the unreliability of the claimed benefits and purported advantages of the "tested" Altice Way became clear in the second half of 2017, investors predictably reaped the downside of Altice USA's interdependent relationship with Altice N.V. – and saw the value of their Altice USA shares plummet by roughly 30% ***within less than 4½ months*** of the IPO.

13. In particular, on November 2, 2017, Altice N.V. was forced to announce severely disappointing revenue, margin, and earnings results, including year-on-year ("YoY") revenue and earnings declines in both its largest (France) and second-largest (Portugal) markets in Europe. In response, on November 3, 2017, the value of Altice N.V.'s stock plummeted by almost 23%, as stunned analysts raised serious concerns as to whether the much touted "Altice Way" strategy could deliver as promised. For example, on November 6, 2017, an analyst report from the Kepler Cheuvreux firm stated: "[W]e note several negative trends that will most likely lead to some consensus earnings downward revision. ***France is not delivering, the strategy is not working, revenues and EBITDA are falling and they are losing customers***[.]" [Emphasis added].

14. Predictably, upon announcement of these shocking results at Altice N.V., Altice USA's stock also suffered a sharp 8% price decline, falling from $24.50 per share at the close on November 2, 2017, to $22.59 per share on November 3 – a decline that wiped out approximately $1.2 billion in shareholder value in just one day. At the same time, market analysts also sharply

lowered their forecasts and share price targets for Altice USA. For example, in a November 5, 2017, analyst report, Wells Fargo Securities, LLC ("Wells Fargo") slashed its Altice USA share price target from $34.00 to only $24.00 per share in response to the disclosures about the extent of the deterioration of the Altice Group's biggest European markets and sharply heightened concerns about the "Altice Way." As the Wells Fargo report stated:

> ***[C]oncerns regarding the European model dragged [Altice USA's] stock down . . . as [Altice N.V.] (ATUS's [Altice USA] corporate parent) missed the mark pretty badly, driving ATUS down nearly 8%*** (vs. the S&P up 0.3%). We believe the main problem was the growth trajectory of [Altice N.V.]'s France and Portugal segments, which were not only down y/y in both revenue and EBITDA; but also decelerated from the pace in Q1 and Q2.
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> ***[Altice N.V.]'s European struggles do lead to questions... Throughout ATUS's IPO process, we consistently heard about the implementation of "The Altice Way" as the primary means to superior margin performance.*** Even on today's call, mgmt. spoke of continued "European operating strategies" that are expected to lead to better U.S. expense trends. ***Unfortunately, the results in Europe don't necessarily inspire confidence***, in our view, with both France and Portugal underperforming and actually posting NEGATIVE and DECELERATING rev and EBITDA growth of -1.3%/-3.1% and -3.2%/-1.3% respectively (the parent's stock was -23% vs. the S&P's +0.3% today as a result).

[Emphasis added].

15. On November 15, 2017, at a Morgan Stanley TMT conference, Defendant Drahi further surprised investors by disclosing that Altice N.V.'s French subsidiary had never even truly implemented the Altice Way. As Defendant Drahi stated: "There are always things that needs to be changed to be improved. And we're always improving the Altice Way. ***But in fact, and if we're referring to France, we never applied the Altice Way from A to Z is what I tried to explain before.***" [Emphasis added]. By admitting that the Altice Way had never been truly implemented in the Altice Group's biggest operating unit – its flagship French SFR subsidiary – Defendant Drahi effectively admitted that the "Altice Way" was not nearly as well "developed and tested" as

the Offering Documents had represented, and not surprisingly, he also failed to allay market concerns that the Altice Way would end up leading to similar disappointing results for Altice USA.

16. By the close of the market on November 15, 2017, Altice USA's share price had fallen even further to only $20.26, which reflected a shocking 30% decline from the Company's $30.00 Offering price in the less than five months that had passed since its IPO on June 22, 2017.

17. In sum, by mid-November 2017, investor faith in the "Altice Way" and the Altice brand had been largely shattered, and Altice USA's interdependence on, and close relationship with, Altice N.V. and other members of the Altice Group had been revealed to be a huge liability. As a *MarketWatch* newsletter stated on November 10, 2017:

> [Altice N.V.'s] share price has been down 30% in the past week following its third-quarter trading update [and] [t]he stock is down by more than 40% so far this year, ***and the carnage has bled into Altice USA,*** which has [now] shed 25% of its value since going public in June. . . . ***[S]hrinking sales in France, the [Altice Group]'s historic core market, have been seen by investors as a bad omen for the [Group]'s younger U.S. business***.

[Empahsis added].

18. A November 23, 2017, analyst report by BMI Research was even blunter in raising doubts about the "Altice Way":

> ***[The Altice Group] has underperformed in France, its biggest market, losing share to rivals***[.] . . . The company has lacked a clear and convincing strategy, and has had to play catch-up, especially in terms of the deployments of the most advanced networks[.] . . . Its plans . . . have been more of a stunt than anything else, especially considering the low sum it was planning to invest, and the company's reputation has suffered due to this.

[Emphasis added].

19. Since November 2017, Altice USA's stock price has continued to trade well below its IPO price. By this action, Plaintiffs, on behalf of themselves and the Class they seek to represent, seek a recovery for the significant losses they and the Class members have suffered.

JURISDICTION AND VENUE

20. This Court has original subject matter jurisdiction under the New York Constitution, Article VI, §7(a) and §22 of the Securities Act, 15 U.S.C. §77v. Removal is barred by §22 of the Securities Act.

21. This Court has personal jurisdiction over each of those corporate Defendants headquartered in New York, as further alleged below, under Rule 301 of the New York Civil Practice Law and Rules ("CPLR"). In addition, this Court has personal jurisdiction of all Defendants that are not New York domiciliaries under Rule 302(a) of the CPLR, including because the Offering Documents were prepared and reviewed, in part, in New York, and such Defendants and their agents affirmatively solicited the purchase of the subject securities from, and disseminated the Offering Documents to, investors in New York.

22. In addition, the common shares of Altice USA issued pursuant to the IPO were intended to publicly trade, and did publicly trade, on the New York Stock Exchange ("NYSE"), and the Defendants signed the Offering Documents and/or issued the shares and/or underwrote the sale of the subject IPO shares of Altice USA intending that such shares would trade on the NYSE in New York and be sold largely to investors domiciled in New York.

23. Venue is proper pursuant to CPLR 503 because Defendant Altice USA is headquartered in this County.

PARTIES

A. Plaintiffs

24. Plaintiff Brian LaPoint purchased Altice USA common stock shares traceable to the Offering Documents, including 139 shares of Altice USA at $35.08 per share on June 26, 2017, and was damaged thereby.

25. Plaintiff Andrew O'Neill purchased Altice USA common stock shares pursuant or traceable to the Offering Documents, including 50 shares at the Offering price of $30.00 per share on June 22, 2017, and was damaged thereby.

26. Plaintiff Ryan Newman purchased Altice USA common stock shares traceable to the Offering Documents, including 500 shares of Altice USA at $33.89 on June 27, 2017, and was damaged thereby.

B. Defendants

27. Defendant Altice USA is a New York-based broadband communications and video services corporation that as of the IPO, delivered broadband, pay television, telephony services, Wi-Fi hotspot access, proprietary content, and advertising services to approximately 4.9 million residential and business customers in 21 states (including New York). Altice USA is incorporated under the laws of the State of Delaware and headquartered in Long Island City, New York. Its common stock trades on the NYSE under the ticker symbol "ATUS." At all relevant times, Altice USA was a majority-owned subsidiary of, and was controlled by, Defendant Altice N.V.

28. Defendant Altice Europe N.V., which went by the name of Altice N.V. until it changed its name to Altice Europe N.V. in June 8, 2018, is a Netherlands-based multinational cable, fiber, telecommunications, content, media, and advertising company that was founded in 2002 by Defendant Drahi. Prior to certain transactions made immediately before the IPO pursuant to which two large holders of roughly $1.5 billion of senior Altice USA debt securities converted their debt securities into common stock (so that it could then be sold in the IPO), Altice N.V.: (a) indirectly owned 90% of the equity of Altice USA through Altice N.V.'s CVC B.V. subsidiary ("CVC 3"); and (b) indirectly owned virtually all of the remaining 10% of Altice USA's equity through Neptune Holding US LP (a limited partnership controlled by CVC 3). At all relevant

times, and as further discussed below, Altice N.V. was, in turn, majority owned and controlled by Defendant Drahi.

29. Defendant Drahi founded Altice N.V. and, at all relevant times, owned (directly or indirectly) a roughly 59.37% majority of the equity share capital and voting rights of Altice N.V. At the time of the IPO, Defendant Drahi was also a member of the board of directors of Altice N.V. (the "Altice N.V. Board"), and had the power to control a majority of the seven member Altice N.V. Board (and thereby, indirectly, had the power to appoint a majority of the members of Altice USA's board of directors (the "Altice USA Board")). Defendant Drahi currently serves as Executive Director of Altice N.V. and Chairman of the Altice USA Board.

30. At all relevant times, Defendant Combes was the Chief Executive Officer ("CEO") of the Altice Group, having held that position since 2016, and was listed in the Offering Documents as a person who was expected to join (and who did join) the Altice USA Board upon the consummation of the IPO. He resigned from the Altice Group in November 2017 in the wake of the negative disclosures concerning the extent of the deterioration in the Altice Group's business. Defendant Combes reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

31. At all relevant times, Defendant Dexter G. Goei ("Goei") was a director, the Chairman, and CEO of Altice USA, as well as President of the Altice N.V. Board, having held all of these positions since 2016. Previously, from 2009 to 2016, Goei had been CEO of the Altice Group. Defendant Goei replaced Defendant Combes as CEO of Altice N.V. in November 2017, and he thereafter simultaneously served as CEO of both Altice N.V. and Altice USA. Defendant Goei reviewed, edited, contributed to, and signed the Registration Statement.

32. At all relevant times, Defendant Charles F. Stewart ("Stewart") was Co-President and the Chief Financial Officer ("CFO") of Altice USA, having held those positions since 2015, and was listed in the Offering Documents as a person who was expected to join the Altice USA Board upon the consummation of the IPO. He later joined the Altice USA Board in June 2018. Defendant Stewart reviewed, edited, contributed to, and signed the Registration Statement.

33. At all relevant times, Defendant Abdelhakim Boubazine ("Boubazine") was a director, Co-President, and Chief Operating Officer of Altice USA, having held those positions since 2016. Defendant Boubazine reviewed, edited, contributed to, and signed the Registration Statement.

34. At all relevant times, Defendant Lisa Rosenblum ("Rosenblum") was a director and the Vice Chairman of Altice USA, having previously served as Altice USA's Executive Vice President and General Counsel. Defendant Rosenblum reviewed, edited, contributed to, and signed the Registration Statement.

35. At all relevant times, Defendant David P. Connolly ("Connolly") was the Executive Vice President, General Counsel, and Secretary of Altice USA. Defendant Connolly reviewed, edited, contributed to, and signed the Registration Statement.

36. At all relevant times, Defendant Victoria M. Mink ("Mink") was Senior Vice President and Chief Accounting Officer of Altice USA. Defendant Mink reviewed, edited, contributed to, and signed the Registration Statement.

37. At all relevant times, Defendant Dennis Okhuijsen ("Okhuijsen") was the CFO of Altice N.V. Defendant Okhuijsen was also listed in the Offering Documents as a person who was expected to join (and who did join) the Altice USA Board upon the consummation of the IPO.

Defendant Okhuijsen reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

38. At all relevant times, Defendant Jérémie Jean Bonnin ("Bonnin") served as a member of the Altice N.V. Board and General Secretary of Altice N.V. Defendant Bonnin was also listed in the Offering Documents as a person who was expected to join (and who did join) the Altice USA Board upon the consummation of the IPO. Bonnin first joined Altice N.V. in May 2005 as Corporate Finance director. After joining Altice N.V. in 2005, Defendant Bonnin was involved in all of Altice N.V.'s acquisitions, including those leading to the formation of Altice USA. Defendant Bonnin reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

39. Defendant Raymond Svider ("Svider") was listed in the Offering Documents as a person who was expected to join (and who did join) the Altice USA Board upon the consummation of the IPO. As of the IPO, Defendant Svider was also the Co-Chairman and a Managing Partner of BC Partners Inc., one of two large holders of Altice USA debt that was converted into Altice USA shares immediately prior to the IPO, and 36 million of which BC Partners Inc. then sold in the IPO. Defendant Svider reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

40. Defendant Mark Christopher Mullen ("Mullen") was listed in the Offering Documents as a person who was expected to join (and who did join) the Altice USA Board upon the consummation of the IPO. Defendant Mullen reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

41. The Defendants named in ¶¶29-40 above are collectively referred to herein as the "Individual Defendants." The Individual Defendants each signed or were identified as controlling

parties or incoming directors in the Registration Statement, solicited the investing public to purchase securities issued pursuant thereto, hired and assisted the underwriters, planned and contributed to the IPO and Registration Statement, and attended or contributed to road shows and other promotions to meet with and present favorable information to potential Altice USA investors, all motivated by their own, the Company's, and Altice N.V.'s financial interests.

42. Defendant Goldman Sachs & Co. LLC ("Goldman Sachs") is a financial services company headquartered in New York that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

43. Defendant J.P. Morgan Securities LLC ("J.P. Morgan") is a financial services company headquartered in New York that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

44. Defendant Morgan Stanley & Co. LLC ("Morgan Stanley") is a financial services company headquartered in New York that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

45. Defendant Citigroup Global Markets Inc. ("Citigroup") is a financial services company headquartered in New York that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

46. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") is a financial services company headquartered in New York that acted as an underwriter for the

IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

47. Defendant Barclays Capital Inc. ("Barclays") is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

48. Defendant BNP Paribas Securities Corp. ("BNP") is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

49. Defendant Credit Agricole Securities (USA) Inc. ("Credit Agricole") is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

50. Defendant Deutsche Bank Securities Inc. ("Deutsche Bank") is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

51. Defendant RBC Capital Markets, LLC ("RBC") is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

52. Defendant Scotia Capital (USA) LLC ("Scotia Capital") is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

53. Defendant SG Americas Securities LLC ("SG Americas") is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

54. Defendant TD Securities (USA) LLC ("TD Securities") is a financial services company that acted as an underwriter for the IPO, helping to draft and disseminate the Offering Documents and solicit investors to purchase Altice USA securities issued pursuant thereto.

55. The Defendants named in ¶¶42-54 above are collectively referred to herein as the "Underwriter Defendants." Pursuant to the Securities Act, the Underwriter Defendants are liable for the false and misleading statements in, and material omissions from, the Registration Statement as alleged herein, inasmuch as, among other things:

(a) The Underwriter Defendants are investment banking houses that specialize in underwriting public offerings of securities. They served as the underwriters of the IPO and collectively shared in excess of $71 million in fees in connection therewith. The Underwriter Defendants arranged a multi-city roadshow prior to the IPO during which they, and representatives from Altice USA, met with potential investors and presented highly favorable information about the Company, its operations, and its financial prospects.

(b) The Underwriter Defendants also demanded and obtained an agreement from Altice USA and the Individual Defendants that Altice USA would indemnify and hold the Underwriter Defendants harmless from any liability under the federal securities laws. They also made certain that Altice USA purchased millions of dollars in directors' and officers' liability insurance.

(c) Representatives of the Underwriter Defendants also assisted Altice USA, Altice N.V., and the Individual Defendants in planning the IPO and purportedly conducted

an adequate and reasonable investigation into the business and operations of Altice USA and its interdependent relationships with and exposure to events concerning Altice N.V., an undertaking known as a "due diligence" investigation. The due diligence investigation was required of the Underwriter Defendants in order to engage in the IPO. During the course of their "due diligence," the Underwriter Defendants had continual access to confidential corporate information concerning Altice USA's operations and financial prospects and its interdependent relationship with and exposure to events concerning Altice N.V.

(d) In addition to availing themselves of virtually unlimited access to internal corporate documents, agents of the Underwriter Defendants met with Altice USA's lawyers, management, and top executives, including those who held dual positions with Altice N.V., as well as representatives of indirect selling stockholders Altice N.V., and engaged in "drafting sessions" between at least April 2017 and the June 2017 IPO. During these sessions, understandings were reached as to: (i) the strategy to best accomplish the IPO; (ii) the terms of the IPO, including the price at which Altice USA stock would be sold; (iii) the language to be used in the Registration Statement; (iv) what disclosures about Altice USA, Altice N.V., and the Altice Group would be made in the Registration Statement; and (v) what responses would be made to the SEC in connection with its review of and concerns regarding the Registration Statement. As a result of those constant contacts and communications between the Underwriter Defendants, representatives of Altice N.V. and Altice USA, and their senior executives, directors, and controlling shareholders, the Underwriter Defendants knew or, in the exercise of reasonable care, should have known of the Altice Group's existing problems, its failures to adhere to the Altice Way, and the

nature, extent, and immediacy of Altice USA's exposure to significant deterioration at Altice N.V., the diminution of the Altice brand, and the discrediting of the Altice Way, as detailed herein.

(e) The Underwriter Defendants caused the Registration Statement to be filed with the SEC and declared effective in connection with the offers and sales of securities registered thereby, including those to Plaintiffs and the members of the Class.

SUBSTANTIVE ALLEGATIONS

A. The Altice Group, the Altice Way, and Altice USA's Interdependent Relationship with Altice N.V.

56. Altice USA was created in 2015 by Altice N.V., the multi-billion dollar Netherlands-based multinational telecommunications company founded and controlled by Defendant Drahi, to be the vehicle for the Altice Group to expand into telecom markets in the United States. Consistent with the prior expansion practices of Altice N.V – which had started out as a regional French cable company in 2002 and thereafter grew predominantly through acquiring other companies that provided broadband, pay television, and telephony services to customers in certain other European countries and Israel – in 2015, Altice N.V. and Defendant Drahi decided to expand into the United States by creating a U.S. subsidiary – Altice USA – and by having Altice USA acquire Suddenlink in December 2015 and then Cablevision in June 2016.

57. As a result of its acquisitions of Suddenlink and Cablevision, Altice USA quickly became one of the biggest subsidiaries in the Altice Group, accounting for 35% of the Altice Group's total reported revenue in fiscal year 2016 (which was second only to the Altice Group's French subsidiary, SFR, which accounted for 47% of the Group's total reported revenue).

58. Up through and including the date of the IPO, Altice representatives (including the Altice-affiliated Defendants by means of the Offering Documents) attributed the apparent success

of the Altice Group to the adoption of the so-called "Altice Way," which included the following five core principles:

- ***Simplifying and optimizing the organization*** through streamlining business processes, centralizing functions and eliminating non-essential operating expenses and service arrangements.
- ***Reinvesting in infrastructure and content***, including upgrading [networks] to strengthen [ ] infrastructure capabilities and competitiveness.
- ***Investing in sales, marketing and innovation***, including brand-building, enhancing sales channels and automating provisioning and installation processes.
- ***Enhancing the customer experience*** by offering a technologically advanced customer platform combined with superior connectivity and service across the customer lifecycle.
- ***Driving revenue and cash flow growth*** through cross-selling, market share gains, new product launches and improvements in [ ] operation[s] and capital efficiency.

59. Prior to and immediately after the IPO, market analysts similarly viewed the Altice Way as constituting a distinctive and differentiating business model that gave members of the Altice Group significant advantages over competitors. As a July 11, 2017, Guggenheim analyst report emphasized: "Leveraging operational efficiency is a key component of the Altice Way[.] . . . For example, we believe that reorganization efforts to align Altice USA's procurement and technical services under Altice NV's operations can allow for Altice USA to efficiently manage capital and operating expenditures and focus on investment in functional advantages." Similarly, an August 15, 2017, J.P.Morgan analyst report stated that it "believe[d] the Altice USA bull thesis remains intact with substantial EBITDA growth in the coming years as the company realizes its announced deal synergies and deploys its Altice Way operating strategy across its US-based systems." In a June 26, 2017, interview with *DigiWorld Economic Journal*, Defendant Combes similarly emphasized how:

> Within Altice, we work in a horizontal way which makes us more efficient and flexible than the predominantly centralized and vertical organizations of our competitors. . . . In concrete terms, a well thought out innovation developed in one country may benefit all our subsidiaries and consequently all our customers throughout the world. In a word, we ensure that the knowledge and expertise of each subsidiary benefits the others.

60. At all relevant times, the closeness of the relationship between Altice USA and Altice N.V. is further illustrated by the significant overlap of shared directors and officers between the two companies. For example, in 2016, the person chosen to serve as Altice USA's Chairman and CEO – Defendant Goei – was the then-CEO of the Altice Group and President of the Altice N.V. Board. Although Defendant Goei temporarily relinquished his position as Altice Group CEO after becoming Altice USA's CEO in 2016, from 2016 through the IPO, Goei simultaneously served as: (i) director, Chairman, and CEO of Altice USA; and (ii) a member and President of the Altice N.V. Board. Beginning in November 2017, Defendant Goei was re-appointed to his prior position as CEO of the entire Altice Group – while also continuing to serve as director, Chairman, and CEO of Altice USA.

61. Similarly, Defendant Combes, another Altice N.V. director who succeeded Defendant Goei as Altice Group CEO in 2016, thereafter simultaneously served in those positions ***and*** as a director of Altice USA from 2016 and through the IPO (until he resigned from all of his Altice positions in November 2017). In addition, Defendant Okhuijsen, the Altice Group's CFO, was listed in the Offering Documents as an incoming director of Altice USA and thereafter served in that role while also continuing to serve as the Altice Group's CFO. Similarly, Defendant Bonnin, another Altice N.V. director (and its General Secretary) was listed in the Offering Documents as an incoming director of Altice USA and thereafter served in that role while also continuing to serve as a member of the Altice N.V. Board.

62. Altice N.V.'s control over Altice USA, the sharing of resources between the companies, and the overlap of officers and directors ensured that there was a free flow of information regarding strategies, successes or failures, and other business issues that might threaten the future growth and success of either company. Moreover, given the close relationship between Altice USA and Altice N.V., it was not surprising that the Offering Documents would also state that Altice USA's "ability to attract and retain customers depends, in part, upon the external perceptions of Altice Group's reputation, the quality of its products and its corporate and management integrity."

B. Altice USA's Initial Public Offering

63. On April 11, 2017, Defendants filed an initial draft Registration Statement on Form S-1 with the SEC. On June 21, 2017, Defendants filed the final amendment to the Registration Statement, which registered 63,943,029 Altice USA Class A common stock shares for public sale (with an overallotment option to register an additional 7,781,110 shares).

64. The SEC declared the Registration Statement effective on June 21, 2017. On or about June 23, 2017, Defendants priced the IPO at $30.00 per share and filed the final Prospectus for the IPO, which was incorporated into the Registration Statement.

65. The IPO closed on June 27, 2017. In connection with the IPO, the Underwriter Defendants also fully exercised their option to purchase an additional 7,781,110 Altice USA shares, resulting in a total issuance of 71,724,139 IPO shares to the investing public.

66. The IPO generated proceeds of over $2.15 billion. Of this total, approximately $1.7 million went to the two large entities (Canadian Pension Plan Investment Board ("CPPIB") and BC Partners LLC ("BCP")) that had been among Altice USA's biggest creditors immediately

before the IPO.[1] Approximately another $350 million went to Altice USA, with the Offering Documents stating that this share of the IPO proceeds would be used primarily to pay down certain other Altice USA debt. The remaining proceeds of roughly $71 million went to compensate the Underwriter Defendants for their fees and expenses.

C. The Offering Documents' Materially False and Misleading Statements and Material Omissions

67. The Offering Documents repeatedly touted the "Altice Way," referenced the Altice Group's and Altice USA's implementation of the Altice Way, and emphasized that the Altice Group's experience in implementing the Altice Way positively differentiated Altice USA from its competitors and gave it significant competitive advantages. For example, the very first page of the Offering Documents emphasized that

> As the U.S. business of Altice N.V., we are driven at all levels by the "Altice Way"—our founder-inspired owner-operator culture and strategy of operational efficiency, innovation and long-term value creation for stockholders. In developing and implementing our strategy, we are focused on the following principles, which are part of the Altice Way:
>
> - ***Simplify and optimize our organization*** through streamlining business processes, centralizing functions and eliminating non-essential operating expenses and service arrangements.
>
> - ***Reinvest in infrastructure and content***, including upgrading our HFC [Hybrid fiber-coaxial] network and building out a FTTH [Fiber to the Home] network to strengthen our infrastructure capabilities and competitiveness.
>
> - ***Invest in sales, marketing and innovation,*** including brand-building, enhancing our sales channels, and automating provisioning and installation processes.

[1] Prior to the IPO, CPPIB and BCP were holders of senior secured Altice USA debt securities. As part of a series of related capital restructuring transactions, which included the IPO, CPPIB's and BCP's senior secured debt was converted to common stock, much of which CPPIB and BCP then sold in the IPO.

- ***Enhance the customer experience*** by offering a technologically advanced customer platform combined with superior connectivity and service across the customer lifecycle.

- ***Drive revenue and cash flow growth*** through cross-selling, market share gains, new product launches and improvements in our operating and capital efficiency.

We believe the Altice Way, which has been ***successfully implemented across Altice Group***, distinguishes us from our U.S. industry peers and competitors.

Prospectus at 1 [emphasis added and in original]. The Prospectus thereafter repeated these same representations on p.144.

68. Similarly, the Offering Documents also represented that:

Following [our] Acquisitions [of Suddenlink and Cablevision], we began employing the Altice Way to simplify our organizational structure, reduce management layers, streamline decision-making processes and redeploy resources with a focus on network investment, customer service enhancements and marketing support.

* * *

We believe the following competitive strengths have been instrumental to our success and position us for future growth and strong financial performance.

Our Owner-Operator Culture

We are part of a founder-controlled organization with an owner-operator culture and strategy that is focused on operational efficiency, innovation and long-term value creation for stockholders. . . . ***We believe our-owner-operator culture and the Altice Way differentiate us and position us to outperform our U.S. industry peers.***

Id. at 2-4 [emphasis added]. The Prospectus thereafter repeated these same representations on pp.145-46.

69. The Offering Documents further identified the following additional "**Competitive Strengths**" as providing the foundation for the Company's future growth and performance:

Benefits of a Global Communications Group

Unlike most of our U.S. industry peers, we benefit from being part of an international media and communications group. As the U.S. business of Altice

> N.V., ***we have access to the innovation, management expertise and best practices developed and tested in other Altice Group markets such as France, Portugal***, the Dominican Republic and Israel.
>
> * * *
>
> Altice Group [ ] cross-deploys talent and expertise across its businesses, allowing us to benefit from our senior management's ***experience in successfully implementing the Altice Way around the world***. We believe this diversity of experience differentiates us from our more traditional U.S.-centric industry peers.

Id. at 6 [emphasis added and in original]. The Prospectus thereafter repeated these same representations on p.149.

70. As the Offering Documents also emphasized, part of the competitive advantage of being a member of the Altice Group was also the common application of the Altice Way throughout the global Altice family of companies:

> ***Altice N.V., through dedicated affiliates, applies a common approach, referred to as the Altice Way, to leveraging the Altice Group's core strategic, operational and technical capabilities in a coordinated, centralized manner for the benefit of its operating subsidiaries and to reorganize their processes*** and redeploy their resources in order to improve operational efficiency, foster innovation and create long-term value for stockholders.
>
> This approach encompasses know-how, methodologies, best practices and services, developed by a team of specialists in affiliates of Altice N.V., to simplify organizations, streamline decision-making and redeploy physical, technical and financial resources for network investment and customer service, allowing its operating subsidiaries to focus on network improvements and customer experience enhancements.

Id. at 203 [emphasis added].

71. The Offering Documents similarly differentiated Altice USA by emphasizing that "[o]ur management team benefits from Altice Group's experience in implementing the Altice Way around the world." *Id.* at 2. The Prospectus thereafter repeated this same representation on p.144. In total, the Offering Documents mentioned the Altice Way a stunning 52 times.

72. The Offering Documents also touted Altice USA's shared resources and interdependence with Altice N.V. as additional competitive advantages that positioned Altice USA for future growth, stating, for example:

> Our B2B service offerings draw from platforms, services and expertise developed by sophisticated B2B operators across the Altice Group footprint such as Portugal Telecom in Portugal and SFR in France. We also benefit from Altice Group's significant scale advantages, allowing us to draw on centralized functions, including procurement and technical services. In addition, Altice Group operates converged networks, including wireless operations in markets outside the United States. ***We believe these scale benefits and operational expertise assist us in increasing our operating efficiency and reducing our capital expenditures while also improving the customer experience***.

Id. at 6 [emphasis added]. The Prospectus thereafter repeated these same representations on p.149.

73. The statements referenced in ¶¶67-72, however, were materially false and misleading and/or omitted to disclose material adverse facts. In particular, the Offering Documents nowhere disclosed that, notwithstanding Defendants' emphasis on the "Altice Way," Altice N.V. had only partially implemented the Altice Way in its French SFR subsidiary's operations (which accounted for roughly 47% of the Group's total revenue and over 70% of the Group's non-U.S. revenue), or that the Altice Group's French operations were suffering from deteriorating financial performance – and indeed suffered from such severe problems that it was poised to report an especially severe and damaging decline in its reported financial results within just a few months of the IPO. As the extent of the sharp deterioration of the Altice brand and unreliability of the claimed benefits and purported advantages of the "tested" Altice Way became clear in the second half of 2017, investors predictably reaped the downside of Altice USA's interdependent relationship with Altice N.V. – and saw the value of their Altice USA shares plummet ***within less than 4½ months*** of the IPO.

74. Indeed, far from providing the touted "competitive advantage," the Altice approach was already resulting in severe customer attrition in Altice N.V.'s most important markets (France

and Portugal) as a direct result of poor customer service, a shoddy network, and poor management, all of which was having a materially negative impact on Altice N.V.'s revenues, margins, and market share.

75. The Offering Documents were also materially misleading because they suffered from material omissions. Among other things, the Offering Documents failed to disclose the following material adverse facts, events, trends, and uncertainties:

- Altice N.V.'s revenues and EBITDA were declining in both France and Portugal;
- Altice N.V.'s margins were declining in France;
- Altice N.V. was experiencing significant problems and customer complaints about its network and customer service, resulting in customer churn and decreased revenues;
- Altice N.V. was experiencing a loss of customers to competitors who were undercutting Altice N.V.'s prices, and Altice N.V. was not properly managing its response to competitor price changes; and
- These events, trends, and uncertainties were likely to adversely affect the Altice brand, shake investor confidence in the Altice Way, and thereby adversely affect Altice USA and its stock price.

76. Defendants were required to disclose all of the foregoing omitted information in the Offering Documents for at least four independent reasons.

77. First, Defendants' failure to disclose the already occurring mismanagement, customer attrition, and negative financial results at Altice N.V., as well as the likely material impact they would have on Altice USA and the market for its common stock, rendered the Registration Statement's many positive references to the "Altice Way" and the purported benefits

of being part of the Altice Group materially incomplete and misleading. Having put the subject of the Altice Way and its many purported benefits "in play," the Offering Documents were required to affirmatively disclose current and adverse information as to the poor performance of the Altice Group's major subsidiaries, which evidenced materially negative aspects of the Altice model and Altice USA's close relationship with the Altice Group.

78. Second, Item 303 of SEC Regulation S-K required disclosure of any known events or uncertainties that, at the time of the IPO, had caused, or were reasonably likely to cause, a materially negative impact on Altice USA. The severe, yet undisclosed, mismanagement and customer attrition in Altice N.V.'s most important markets, as well as the consequent negative impact on Altice N.V.'s reputation and financial results, were likely to (and in fact did) materially and adversely affect Altice USA and its stock price.

79. Third, Item 503 of Regulation S-K required, in the "Risk Factors" section of the IPO Registration Statement, a discussion of the most significant factors that make the offering risky or speculative and that each risk factor adequately describe the risk. Altice USA's discussions of risk factors did not even mention, much less adequately describe, the risk posed by the then already occurring mismanagement and customer attrition in Altice N.V.'s most important markets, nor the consequent negative impact on Altice N.V.'s reputation, revenues, margins, and market share, nor the likely and consequent material adverse effects on Altice USA.

80. Fourth, Defendants' failure to disclose the already occurring mismanagement, customer attrition, and negative financial results at Altice N.V., as well as the likely material impact they would have on Altice USA and the market for its common stock, rendered the Registration Statement's many references to known risks that "***if***" occurring "***might***" or "***could***"

adversely affect Altice USA as false and misleading. [Emphasis added]. These so-called "risks" were already materializing before the IPO. For example, the Offering Documents stated:

> Our ability to attract and retain customers depends, in part, upon the external perceptions of Altice Group's reputation, the quality of its products and its corporate and management integrity.
>
> * * *
>
> Impairment, including any loss of goodwill or reputational advantages, of Altice Group's reputation in markets in which we do not operate ***could*** adversely affect . . . perception of Altice USA.
>
> * * *
>
> [T]he market price of our Class A common stock . . . ***could*** be subject to wide fluctuations . . . [as a result of] variations in Altice N.V.'s operating results and the market price of its shares[.]

[Emphasis added].

POST IPO EVENTS

81. Through the late summer and early fall of 2017, increasing investor concern about the health of Altice N.V. began to gradually erode its market price, as well as that of its Altice USA subsidiary (which continued to be majority owned and controlled by Altice N.V. and, indirectly, Defendant Drahi).

82. For example, after the close of the markets on July 27, 2017, Altice USA and Altice N.V. announced their financial results for the second quarter of 2017. In particular, Altice N.V. announced disappointing revenue, margin, and earnings results in its two most important markets, France and Portugal. In its July 27, 2017, earnings release, Altice N.V. reported, *inter alia*, that:

- revenue from its operations in France (SFR) ***declined*** by 0.4% YoY compared to the second quarter of 2016 and revenue from its operations in Portugal (its second biggest European market after France) was basically flat, having increased by only 0.1% YoY;

- margin for its French operations had ***decreased*** by 1.5% pts to 34.5% YoY and margin for its Portugal operations had ***decreased*** by 4.1% pts to 44.4% YoY; and
- adjusted EBITDA for its French operations (SFR) had ***fallen*** to €953m, ***down*** 4.6% YoY, and adjusted EBITDA for its Portuguese operations had ***fallen*** to €255m, ***down*** 8.3% YoY.

The following day, the price of both Altice N.V. and Altice USA shares fell, closing at €3.0474 and $32.57, respectively.

83. Worse, however, was yet to come. After the close of trading on November 2, 2017, Altice USA and Altice N.V. announced their financial results for the third quarter of 2017. In particular, Altice N.V. announced severely disappointing revenue, margin, and earnings declines in its two most important markets, France and Portugal. In its November 2, 2017, earnings release, Altice N.V. reported, *inter alia*, that:

- revenue from its operations in France (SFR) ***declined*** by 1.3% YoY, compared to the third quarter of 2016, and revenue from its operations in Portugal (its second biggest European market after France) ***declined*** by 3.1% YoY;
- margin for its French operations had ***decreased*** by 0.7% pts to 36.6% YoY; and
- adjusted EBITDA for its French operations (SFR) had ***fallen*** to €1,009m, ***down*** 3.2% YoY, and adjusted EBITDA for its Portuguese operations had ***fallen*** to €265m, ***down*** 1.3% YoY.

84. The market reacted swiftly and sharply. By the close of trading on November 3, 2017, the value of Altice N.V.'s stock had plummeted by almost 23%, wiping out approximately €1 billion in shareholder value.

85. Market analysts were stunned and began to seriously question whether the much touted "Altice Way" strategy could deliver as promised. For example, on November 6, 2017, analysts at Kepler Cheuvreux stated: "[W]e note several negative trends that will most likely lead to some consensus earnings downward revision. ***France is not delivering, the strategy is not working, revenues and EBITDA are falling and they are losing customers, despite the efforts made in content/FTTH rollout.***" [Emphasis added].

86. Predictably, upon announcement of these shocking results at Altice N.V., Altice USA's stock also suffered a sharp 8% price decline, falling from $24.50 per share at the close on November 2, 2017, to $22.59 per share on November 3 – a decline that wiped out approximately $1.2 billion in shareholder value in just one day. Market analysts also lowered their forecasts and share price targets. For example, in a November 5, 2017 report, Wells Fargo analysts dramatically revised downward their Altice USA share price target from $34.00 to $24.00 and attributed the sharp decline in the market price for Altice USA's shares directly to poor overall performance of the Altice Group. As the Wells Fargo report stated:

> **[C]oncerns regarding the European model dragged [Altice USA's] stock down** . . . as [Altice N.V.] (ATUS's [Altice USA] corporate parent) ***missed the mark pretty badly, driving ATUS down nearly 8%*** (vs. the S&P up 0.3%). We believe the main problem was the growth trajectory of [Altice N.V.]'s France and Portugal segments, which were not only down y/y in both revenue and EBITDA; but also decelerated from the pace in Q1 and Q2.
>
> * * *
>
> **[Altice N.V.]'s European struggles do lead to questions...** Throughout ATUS's IPO process, we consistently heard about the implementation of "The Altice Way" as the primary means to superior margin performance. Even on today's call, mgmt. spoke of continued "European operating strategies" that are expected to lead to better U.S. expense trends. Unfortunately, ***the results in Europe don't necessarily inspire confidence***, in our view, with both France and Portugal underperforming and actually posting NEGATIVE and DECELERATING rev and EBITDA growth of -1.3%/-3.1% and -3.2%/-1.3% respectively (the parent's stock was -23% vs. the S&P's +0.3% today as a result).

[Emphasis added and in original].

87. Reeling from the disappointing results in critical markets and the consequent share price decline and apparent failure of the Altice Way, on November 9, 2017, Defendant Drahi announced a management and governance reorganization at both Altice N.V. and Altice USA, which included, *inter alia*, the resignation of Defendant Combes as CEO of Altice N.V.

88. Investors and market analyst continued to express concern and the price for Altice USA shares continued to decline. In a November 10, 2017, article, entitled "Altice replaces CEO Combes in exec shakeup," it was emphasized that "shrinking sales in France, the company's historic core market, have been ***seen by investors as a bad omen for the company's younger U.S. business.***" [Emphasis added]. Other analysts clearly blamed the shocking results at Altice N.V. and the management reshuffle for Altice USA's sharp decline in value. As analysts with RBC summarized, in a November 14, 2017, report: "**Contagion from ATC.** ATUS stock has sold off 14% since management announced results, primarily due to a management reshuffle at the parent subsequent to poor subscriber performance in France." Similarly, on March 28, 2018, a finance reporter on *Multichannel News* also emphasized that:

> The moves come after Altice N.V. has stumbled in its European telecom business. Its stock was down more than 20% Nov. 3 after a disappointing third quarter and the revelation that it would come in at the low end of earnings guidance for the year. ***So far this year Altice N.V. shares are down about 40% and the bleeding has spread to Altice USA, which has seen its stock fall more than 25% since its June IPO, mainly, according to analysts, because of its ties to the parent company.***

[Emphasis added].

89. On November 15, 2017, at a Morgan Stanley TMT conference, Defendant Drahi further shocked investors by openly admitting that Altice N.V.'s French subsidiary, in fact, had not truly implemented the Altice Way. As Defendant Drahi stated:

> There are always things that needs to be changed to be improved. And we're always improving the Altice Way. ***But in fact, and if we're referring to France, we never applied the Altice Way from A to Z is what I tried to explain before.*** If you take a

> country like Israel, we're applying it from A to Z. We're growing. Network perception is good. . . . We're applying Altice Way in the USA. It's working very well. And we have a network operating score, which is very good in the USA. Of course, you can always improve. We don't have any problems with our suppliers. ***And we still have a lot of problems with our customers only in France. And this is because we didn't precisely apply the Altice Way.***

[Emphasis added].

90. However, by admitting that the Altice Way had never been truly implemented in the Altice Group's biggest operating unit (France's SFR), Defendant Drahi effectively admitted that the "Altice Way" was not nearly as well "developed and tested" as the Offering Documents had represented and did nothing to allay market concerns that the Altice Way would lead to similar disappointing results in Altice USA's U.S. markets. Nor could markets have faith in whether, and to what extent, the Altice Way had actually been a positive or a negative, as the Offering Documents' representations about the Altice Way having been applied as a "common approach" across the Altice Group could no longer be relied upon.

91. Indeed, market analysts responded by seriously questioning the value of the Altice Way. For example, in a November 23, 2017, report, BMI Research analysts opined as follows:

> ***Altice . . . has underperformed in France, its biggest market, losing share to rivals***[.] . . . The company has lacked a clear and convincing strategy, and has had to play catch-up, especially in terms of the deployments of the most advanced networks[.] . . . ***Its plans . . . have been more of a stunt than anything else***, especially considering the low sum it was planning to invest, and the company's reputation has suffered due to this. Low-end customers have left because of its premium pricing strategy, but that has not attracted a higher-end customer base, because of network and customer service issues. Furthermore, its heavy investments in content, whether the press, radio or premium sport rights, have also had a limited impact on consumer uptake. Altice needs to focus on its French operations and regain its position as a viable alternative in the market, by prioritising its consumers . . . as failure to do so will have a major impact on the rest of the company.

[Emphasis added].

92. By the close of November 2017, in the wake of the foregoing disclosures and related commentary, Altice USA shares continued to plummet and eventually traded down to approximately $18.00 per share – a 40% decline from the stock's $30.00 IPO price.

CLASS ACTION ALLEGATIONS

93. Plaintiffs bring this action as a class action on behalf of all persons and entities who purchased Altice USA common stock pursuant or traceable to the Registration Statement and Prospectus issued in connection with the Altice USA IPO (the "Class"). Excluded from the Class are Defendants; the officers, directors, and affiliates of any Defendant at all relevant times; the immediate family members, legal representatives, heirs, successors, or assigns of any of the foregoing excluded persons; and any entity in which any Defendant or any of their affiliates immediate family members or affiliates has, or had, a controlling interest.

94. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiffs at this time, and can only be ascertained through appropriate discovery, Plaintiffs believe that there are thousands of members in the proposed Class. Defendants, through the Offering Documents, sold or caused to sold over 71 million shares of Altice USA stock in the IPO. Record owners and other members of the Class may be identified from records maintained by Altice USA or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

95. Plaintiffs' claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

96. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation.

97. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether Defendants violated the Securities Act;

(b) whether the Offering Documents contained inaccurate statements of material facts and omitted material information required to be stated therein;

(c) whether any Defendant that is entitled to plead an affirmative "due diligence" defense can establish such a defense; and

(d) to what extent the members of the Class have sustained damages and the proper measure of damages.

98. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy, since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

FIRST CAUSE OF ACTION
For Violation of §11 of the Securities Act
(Against Altice USA, the Individual Defendants, and the Underwriter Defendants)

99. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

100. This Cause of Action is brought pursuant to §11 of the Securities Act, 15 U.S.C. §77k, on behalf of the Class, against Defendant Altice USA, the Individual Defendants, and the Underwriter Defendants.

101. The Registration Statement contained untrue statements of material facts, omitted to state other facts necessary to make the statements made therein not materially misleading, and omitted to state material facts required to be stated therein.

102. The Defendants named in this Cause of Action are strictly liable to Plaintiffs and the Class for the misstatements and omissions.

103. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true, without omissions of any material facts, and were not materially misleading.

104. By reason of the conduct herein alleged, each Defendant named in this Cause of Action violated or controlled a person who violated §11 of the Securities Act.

105. Plaintiffs acquired Altice USA shares pursuant or traceable to the Registration Statement.

106. Plaintiffs and the Class have sustained damages. The value of Altice USA common stock has declined substantially subsequent and due to Defendants' violations.

107. At the time of their purchases of Altice USA shares, Plaintiffs and the members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein. Less than one year has elapsed from the time that Plaintiffs discovered, or reasonably could have discovered, the facts upon which this complaint is based to the time that Plaintiffs commenced this action. Less than three years has elapsed between the time that the securities upon which this Cause of Action is brought were offered to the public and the time Plaintiffs commenced this action.

SECOND CAUSE OF ACTION
For Violation of §12(a)(2) of the Securities Act
(Against Altice USA, the Individual Defendants, and the Underwriter Defendants)

108. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

109. This Cause of Action is brought pursuant to §12(a)(2) of the Securities Act, on behalf of the Class, against Defendant Altice USA, the Individual Defendants, and the Underwriter Defendants.

110. By means of the defective Prospectus, Defendant Altice USA, the Individual Defendants, and the Underwriter Defendants promoted, sold, and/or offered to sell Altice USA common stock to Plaintiffs and the members of the Class.

111. The Prospectus contained untrue statements of material facts and concealed and failed to disclose material facts, as detailed above. The Defendants named in this Cause of Action owed Plaintiffs and the members of the Class, who purchased Altice USA shares pursuant to the Prospectus, the duty to make a reasonable and diligent investigation of the statements contained in the Prospectus to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. These Defendants, in the exercise of reasonable care, should have known of the material misstatements and omissions contained in the Prospectus, as set forth above.

112. Plaintiffs did not know, nor in the exercise of reasonable diligence could have known, of the untruths and omissions contained in the Prospectus at the time Plaintiffs acquired their Altice USA shares.

113. By reason of the conduct alleged herein, the Defendants named in this Cause of Action violated §12(a)(2) of the Securities Act. As a direct and proximate result of such violations, Plaintiffs and the members of the Class, who purchased Altice USA shares pursuant to the

Prospectus, sustained substantial damages in connection with their purchases of the stock. Accordingly, Plaintiffs and the members of the Class, who hold the common stock issued pursuant to the Prospectus, have the right to rescind and recover the consideration paid for their shares and hereby tender their common stock to Defendants sued herein, or to obtain damages based on a rescissionary measure of damages. Class members who have sold their common stock seek damages to the maximum extent permitted by law.

THIRD CAUSE OF ACTION
For Violation of §15 of the Securities Act
(Against Defendants Altice Europe N.V. and Drahi)

114. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

115. This Cause of Action is brought pursuant to §15 of the Securities Act, on behalf of the Class, against Defendants Altice N.V. and Drahi.

116. Defendant Altice N.V. was at all relevant times a controlling person of Altice USA by virtue of its ownership of a majority of the share capital and voting rights of Altice USA.

117. Defendant Drahi, by virtue of his majority ownership of a majority of share capital and voting rights of Altice N.V., and his direct or indirect business or personal relationships with other directors, officers, or major shareholders of Altice N.V. and Altice USA and his control Altice N.V. (and through Altice N.V. his power to appoint a majority of Altice USA's directors), was at all relevant times a controlling person of Altice USA.

118. Defendants Drahi and Altice N.V. were each a culpable participant in the violations of §§11 and 12(a)(2) of the Securities Act alleged in the First and Second Causes of Action above.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment as follows:

A. Certifying this action as a class action, appointing Plaintiffs as Class Representatives, and appointing Plaintiffs' counsel as Class Counsel;

B. Awarding damages in favor of Plaintiffs and the Class jointly and severally;

C. Awarding Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Awarding rescission, disgorgement, or such other equitable, injunctive, or other relief deemed appropriate by the Court.

JURY DEMAND

Plaintiffs demands a trial by jury.

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New York, New York

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/s/ William C. Fredericks

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