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
	)	Hon. Joseph Risi

[PROPOSED] FIRST AMENDED CONSOLIDATED COMPLAINT FOR VIOLATIONS OF THE SECURITIES 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 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., and consultation with Plaintiffs' consulting financial economics expert. 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, 12(a)(2), and 15 of the Securities Act of 1933 (the "Securities Act") against Altice USA; its controlling parent company, Altice N.V.; Patrick Drahi ("Drahi"), Altice N.V.'s founder and a controlling shareholder of both Altice USA and Altice N.V.; certain current and former officers and directors of Altice USA and Altice N.V. who signed the Offering Documents or were listed as incoming directors of Altice USA in the Prospectus; and the underwriters of the IPO (collectively, "Defendants").

3. Defendant Altice USA is a broadband communications and video services provider. At all relevant times, Altice USA was the U.S. subsidiary of Defendant Altice N.V., a Netherlands-based multinational telecommunications company, and was a part of the larger "Altice Group" (which consists of all of Altice N.V.'s consolidated subsidiaries).

4. At all relevant times, the operations, finances, and governance of Altice USA and Altice N.V. were highly interdependent – they shared senior officers and directors; jointly reported quarterly and yearly financial results; and jointly conducted earnings calls with investors and analysts. Their stock prices reflected investor understanding of this interdependent relationship, as changes in the value of the parent and subsidiary's shares were highly correlated, reacting in tandem to material information disclosed in relation to either. Even after the IPO, Altice USA was majority-owned and controlled by Altice N.V.; in turn, Altice N.V. was at all times majority-owned and controlled by Drahi. Indeed, even after the IPO, through various related shell entities Altice N.V. and Drahi owned 75.2% of Altice USA's issued and outstanding shares of common stock and held 98.5% of the voting power of Altice USA's outstanding capital stock. Altice USA also admitted its past, present, and future interdependent relationship with Altice N.V., with the Offering Documents stating, for example, that Altice USA's business "depends, in part, upon the external perceptions of Altice Group's reputation, the quality of its products and its corporate and management integrity."

5. Indeed, the Offering Documents were replete with references to Altice USA's close relationships with Altice N.V. as a "competitive strength." They claimed, for example, that Altice USA "benefit[s] from being part of an international media and communications group," that Altice USA's "management team operates in a coordinated fashion with Altice N.V.'s management team," that both Altice USA and the broader family of Altice N.V. operating companies

comprising the Altice Group were driven at all levels "by the 'Altice Way' – [a] founder-inspired owner-operator culture and strategy of operational efficiency, innovation and long-term value creation for stockholders," and that Altice USA's "management team benefits from Altice Group's experience in implementing the Altice Way around the world."[1]

6. The Offering Documents also repeatedly represented that the "Altice Way" had already "been successfully implemented across Altice Group" as part of a successful effort to "enhance the customer experience" and "drive revenue and cash flow growth . . . [and] market share gains," and that the "benefits of the Altice Way" had already "been demonstrated by Altice N.V.'s performance." They further represented that, as "the U.S. business of Altice N.V.," Altice USA benefited from "management expertise and best practices developed and tested in other Altice Group markets such as France [and] Portugal"; that access to this purported "service and expertise developed . . . across the Altice Group footprint such as Portugal Telecom in Portugal and SFR in France" would "position [Altice USA] to outperform [its] U.S. industry peers"; and that by "cross-deploy[ing] talent and expertise across its businesses," Altice USA would "benefit from [] senior management's experience in successfully implementing the Altice Way around the world."

7. Unfortunately for investors, however, these and other statements detailed below were materially false and misleading because, far from conferring any competitive advantage on Altice USA, the Altice Way ***had never been fully implemented in Altice N.V.'s most important markets***, and to the limited extent it had been, its implementation had been anything but a success. As Defendants would later admit, by December 2016 – ***six months before the IPO*** – Altice N.V.'s supposedly complete and successful (but in truth incomplete and disastrous) implementation of

[1] The primary elements of the "Altice Way" are further discussed below at ¶¶57-59.

the so-called "Altice Way" was already causing severe customer attrition in its most important markets, France and Portugal.

8. Defendants nonetheless went forward with the June 22, 2017 IPO despite these material misrepresentations in and omissions from the Offering Documents. The IPO was extremely lucrative for Defendants, who raised more than $2.15 billion in gross proceeds. However, it would not be long before the gaps and weaknesses in the Altice Way and resulting negative impact on Altice N.V. and the members of the Altice Group as a whole, including Altice USA, would be revealed.

9. On July 27, 2017, after the close of the markets, Altice N.V. announced severely disappointing revenue, margin, and earnings results in its two most important markets, France and Portugal, leading the price of both Altice N.V. and Altice USA shares to plummet. On November 2, 2017 – barely four months after the IPO – Altice USA and Altice N.V. jointly announced their respective 3Q2017[2] results in a press release. In that release, it was announced that Altice N.V. had experienced severely disappointing revenue, margin, and earnings declines in its two most important markets, France and Portugal. More specifically, as to Altice N.V., the release reported that (a) its revenue in France had ***declined*** 1.3% year-over-year ("YoY") and its revenue in Portugal had ***declined*** 3.1% YoY due to mismanagement of certain matters; (b) its margins in France had ***decreased***; and (c) its adjusted EBITDA had ***fallen*** 3.2% in France and 1.3% in Portugal.

10. On November 3, 2017, Altice USA and Altice N.V. held a joint conference call with market analysts, with Defendants Michel Combes ("Combes"), Dexter G. Goei ("Goei"), and

[2] Unless otherwise indicated, all references to fiscal quarters and years shall follow the "3Q2017" or "FY2017" nomenclature and all emphasis in quoted materials is added.

Dennis Okhuijsen ("Okhuijsen") responding to analyst concerns over these disappointing financial results and underlying trends. During the call, Combes stated, *inter alia*, that:

> We are intensifying the operational focus to improve customer experience in Europe. ***Not everything is going right here at the moment.*** So we are working hard to address this[.] . . . We are aiming for much better performance in both France and Portugal than you can see in the Q3 numbers[.] . . . ***[W]e have seen a year-over-year deterioration in both France and Portugal in Q3 as a result of mismanaged rate events in both countries.*** We have specific action plans to return these businesses to growth as we are addressing all the areas where we have been at a competitive disadvantage and losing customers.

11. Moreover, Defendant Combes went on to attribute the disappointing results in France and Portugal to the broader need to improve the quality of Altice N.V.'s network; to Altice N.V.'s ineffective management and deficient customer service; and to negative subscriber trends due to Altice N.V.'s choice (as far back as December 2016 and well before the June 2017 IPO) to not match lower pricing from competitors:

> [A]s you know on a yearly basis, we're [sic] done the price increase ***back in December***. And usually those price increases are followed in the marketplace by our competitors, which has not been the case to start with by our competitors, which took this opportunity to try to drive for additional share, ***which has had some impact on our customer base in let's say late [4Q2016] beginning [1Q2017]***.

On November 3, 2017, the price of Altice N.V. shares closed down 23% compared to its last pre-earnings announcement closing price; similarly, the price of Altice USA shares also fell sharply from $24.50 to $22.59 (a decline of 8%) over the same period.

12. Market analysts also lowered their earnings forecasts and share price targets for both Altice N.V. and Altice USA. For example, in a November 5, 2017 report, analysts with Wells Fargo – who appreciated all too well the close interconnectedness and interdependence of Altice N.V. and Altice USA – sharply reduced their Altice USA share price target from $35.00 to $24.00 and attributed the severe decline in the market price for Altice USA's shares directly to the reports

of mismanagement and disappointing results at Altice, N.V. and related problems with the "Altice Way":

> ***[C]oncerns regarding the European model dragged [Altice USA's] stock down . . . as [Altice N.V.] (ATUS's 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).

13. In a November 6, 2017 report, analysts with J.P. Morgan expressed similar sentiments and attributed the recent" 8% decline in Altice USA's common stock to "***massively weaker Altice NV results in France.***"

14. In response to these disclosures of serious problems with the "Altice Way" model, and the resulting deterioration in the Altice Group's performance and price of both Altice N.V. and Altice USA shares, on November 9, 2017, Defendant Drahi announced a management and governance reorganization at both Altice N.V. and Altice USA. This shakeup included, *inter alia*, the ***resignation of Defendant Combes*** as Chief Executive Officer ("CEO") of Altice N.V., and the appointment of Defendant Goei (the Chairman and CEO Altice USA and a director of Altice N.V.) to serve as Chairman and CEO going forward of both companies.

15. On November 15, 2017, at a Morgan Stanley TMT Conference, Defendant Drahi further shocked investors by openly admitting that Altice N.V.'s flagship French subsidiary, SFR

Group ("SFR"), had in fact ***never*** successfully 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.***"

16. By the close of November 2017, Altice USA shares had traded down to approximately $19.00 per share, representing a more than 35% decline from their $30.00 offering price in the IPO. Plaintiffs, on behalf of themselves and a Class (defined below) of investors that they seek to represent, now bring this action seeking to recover damages for the losses they have suffered in the wake of Defendants' materially untrue, misleading, and incomplete Offering Documents.

JURISDICTION AND VENUE

17. 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.

18. 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.

19. 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.

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

PARTIES

A. Plaintiffs

21. 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.

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

23. 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

24. Defendant Altice USA, Inc. 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.

25. 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.

26. Defendant Altice N.V. designated four of its senior officers – Defendants Combes, Goei, Jérémie Jean Bonnin ("Bonnin"), and Okhuijsen – to serve on, and/or be named in the Offering Documents as incoming members of, Altice USA's board of directors (the "Altice USA Board"). In their capacity and within the scope of their role as employee representatives of Altice N.V., Defendants Combes, Goei, Bonnin, and Okhuijsen were each personally involved in the negotiation, execution, and implementation of the IPO and reviewed, contributed to, and signed the Offering Documents as Altice N.V.'s representatives. Defendant Altice N.V. is thus vicariously liable under §§11 and 12(a)(2), the doctrines of *respondeat superior* and actual or apparent agency for the material misrepresentations and omissions in the Offering Documents, and for the failure of the Offering Documents to be complete and accurate.

27. Defendant Patrick 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 the Altice USA Board). Defendant Drahi currently serves as Executive Director of Altice N.V. and Chairman of the Altice USA Board.

28. At all relevant times, Defendant Michel Combes was the 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. In his capacity as an employee and representative of Altice N.V. and the Altice Group, Defendant Combes reviewed, edited, contributed to, and was identified as an incoming director in the Offering Documents.

29. At all relevant times, Defendant Dexter G. 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, including in his capacity as an employee and representative of Altice N.V. and the Altice Group.

30. 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.

31. 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.

32. 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.

33. 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.

34. 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.

35. At all relevant times, Defendant Dennis 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, and contributed to the Offering Documents in his capacity as an employee and representative of Altice N.V. and the Altice Group and was identified as an incoming director of Altice USA in the Offering Documents.

36. At all relevant times, Defendant Jérémie Jean 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 of Altice USA in the Offering Documents.

37. 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 LLP ("BCP"), 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 BCP then sold in the IPO. Defendant Svider reviewed, edited, contributed to, and was identified as an incoming director of Altice USA in the Offering Documents.

38. 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 of Altice USA in the Offering Documents.

39. The Defendants named in ¶¶27-38 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, and Altice N.V.'s financial interests.

40. 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.

41. 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.

42. 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.

43. 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.

44. 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.

45. 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.

46. 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.

47. 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.

48. 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.

49. 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.

50. 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.

51. 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.

52. 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.

53. The Defendants named in ¶¶40-52 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., diminution of the Altice brand, and 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. Altice USA's Interdependent Relationship with Altice N.V.

54. Drahi founded Altice N.V. in 2002. Altice N.V. 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.

55. 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. 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 FY2016 (which was second only to the Altice Group's French subsidiary, SFR, which accounted for 47% of the Altice Group's total reported revenue).

56. 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.

57. Up through and including the date of the IPO, Altice representatives (including the Altice USA- and Altice N.V.-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.

58. Prior to and immediately after the IPO, Defendants led market analysts to view 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 J.P. Morgan "believes 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.

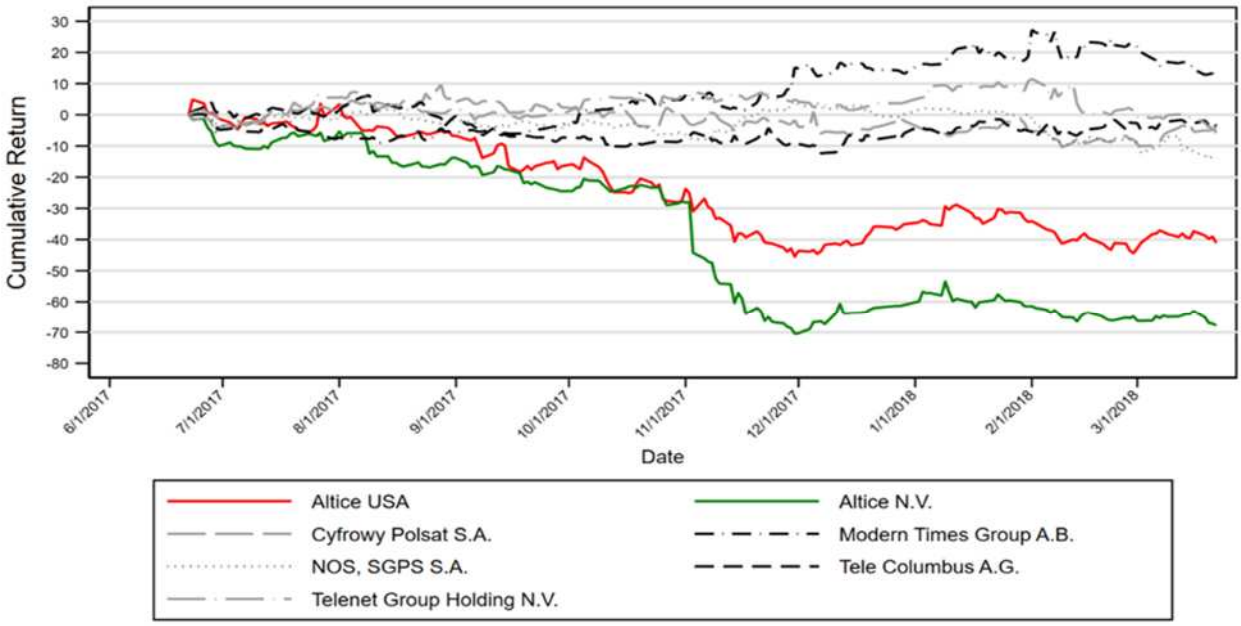
59. Despite Altice N.V. and Drahi's decision to spin-off Altice USA as a legally distinct, publicly traded entity, investors continued to view Altice USA within the context of the broader Altice N.V. corporate structure. Indeed, as the Offering Documents stated, Altice USA is simply "the U.S. business of Altice N.V." and repeatedly emphasized that "[o]ur management team [*i.e.*, Altice USA's management team] benefits from Altice Group's experience in implementing the Altice Way around the world." The lure of Altice N.V.'s apparent history of success and Altice USA's alignment with the Altice Way was undeniable

60. Nor was the importance of Altice USA's alignment with the Altice Way, Altice N.V., and the other Altice N.V. operating subsidiaries that made up the Altice Group inconsistent with general principles of financial economics. To the contrary, market participants understand as a general matter that the value of the shares of a publicly traded subsidiary will directionally track the value of the shares of the parent entity, such that material information that impacts the parent entity will impact the value of the subsidiary. For example, scholars Dongnyoung Kim and Tih Koon Tan, in their analysis of the correlation between the stock returns of parent corporations and newly created subsidiaries, have confirmed this exact conclusion, writing "the degree of ownership and control of the parent over the newly created security or unit determines dependence in stock

returns." Dongnyoung Kim and Tih Koon Tan, *Ex-post stock return behaviour of corporate restructurings and corporate control*, 15(4) REV. OF ACCOUNT. FIN., 484, 496 (2016). Similarly, in their study on the effects of earnings announcements by parent and subsidiary corporations on the other's securities prices, R. C. Graham and C. E. Lefanowicz had previously identified the direct relationship between earnings announcements by the former and security price movements in the latter (and vice-versa). *See* R. C. Graham and C. E. Lefanowicz, *Parent and Subsidiary Earnings Announcements and Parent and Subsidiary Valuation*, 28 ACCOUNTING & BUS. RES. 3, 16 (1997) ("[O]ur regressions of security price movements against earnings change variables indicate that price changes occur with the first earnings announcement whether it is the parent's or the subsidiary's."). Altice N.V. and Altice USA were no exceptions.

61. A statistical analysis of the daily and cumulative returns comparing Altice USA and Altice N.V., net of share splits and dividends, shows beyond seven standard deviations – *i.e.*, with a greater than 99.999% certainty – a direct correlation between the trading prices of these two publicly traded corporations. By contrast, when compared against five of Altice N.V.'s industry and market capitalization peers, the statistical analysis reveals no correlation in share-price movement. *See* Figure 1 immediately below.

FIGURE 1: ***Comparison of stock market returns among Altice NV, Altice USA, and Altice NV Comparable European-Based Telecom Companies.***[3]



62. Set as a regression output table, the results in mathematical terms are just as stark. As Figure 2 below demonstrates, the daily and cumulative returns of Altice N.V. have a highly statistically significant relation with the returns of Altice USA, while the non-Altice-affiliated peers do not. In particular, the estimated slope coefficient on Altice N.V. has a t-statistic of 7.45, which means that it is 7.45 standard deviations away from zero, which in turn means that the likelihood that there is no relation between the returns of Altice USA and Altice N.V. is less than 0.001%. In contrast, the returns of the five non-Altice-affiliated peer companies do not exhibit any statistically significant correlation with the returns of Altice USA (their t-statistics range from -0.16 to 0.28, which are not statistically different than zero). Furthermore, the R-squared of the Altice N.V. regression is 23.07%, which implies that 23.07% of the variation in returns of Altice USA is driven by the returns of Altice N.V., while the highest R-squared derived from analysis of

[3] Because Altice N.V.'s operations are based primarily in Europe, Plaintiffs' consulting expert used a group of comparable European-based telecom companies as the components of the referenced peer group.

the five non-Altice-affiliated peer companies does not exceed 0.04%. The statistical analysis reflected in Figure 2 therefore confirms that out of the comparable companies considered – Altice N.V. and its five European peers – only the returns of Altice N.V. exhibit a statistically significant (let alone overpoweringly strong) positive relation with the returns of Altice USA.

Figure 2. Regression Output Table. Altice USA's Returns as a Function of Altice N.V. vis-à-vis Five of Altice N.V.'s Industry and Market Capitalization Peers.

Explanatory Variable	Slope	T-statistic	R-squared
Altice N.V.	**0.339**	**7.45**	**23.07%**
Cyfrowy Polsat S.A.	0.000	0.00	0.00%
Modern Times Group A.B.	0.023	0.19	0.02%
NOS, SGPS S.A.	-0.026	-0.16	0.01%
Tele Columbus A.G.	0.009	0.07	0.00%
Telenet Group Holding N.V.	0.045	0.28	0.04%

63. Altice N.V. decided to take its controlled subsidiary, Altice USA, public and to sell off a large block of the resulting publicly floated shares in order to pay down the enormous debt that Altice N.V. had incurred in purchasing the entities that would become Altice USA. For example, as the Prospectus stated: "We currently intend to use the net proceeds that we receive from this offering to redeem a portion of the $2 billion aggregate principal amount outstanding of the 10.875% Senior Notes due 2025." Similarly, during its 2Q2017 earnings call, Altice N.V. stated "we used some primary proceeds from the Altice [USA] IPO to repay part of the 2025 10 7/8% senior notes."

64. Before investing in a highly levered controlled subsidiary, investors consider both the subsidiary company's debt levels ***and*** the strengths and weaknesses of its parent company. As stated in their seminal academic analysis of this issue more than 20 years ago, Professor Andrew Chen, et al., found that, even where a parent company is silent about its subsidiary's debt, "implicit guarantees" of subsidiary debt by the parent company "are often crucially important in determining the viability of subsidiary operations," particularly "in light of the growing importance of

international corporate ventures through the establishment of foreign subsidiaries." Professor Andrew Chen, et al., *Valuation of parent guarantees of subsidiary debt: Ownership, risk and leverage implications*, 2 PAC. BASIN FIN. J. 391 (1994).[4] Simply put, corporate credit ratings – and the costs incurred when borrowing – are materially impacted by the presence of a parent corporation. Moreover, that the general principle reflected in Professor Chen's and the other leading academic analyses – namely, that investors consider both the subsidiary company's debt levels ***and*** the strengths and weaknesses of its parent company – did in fact apply here in the context of Altice N.V. and Altice USA, is strongly supported by the conduct of leading credit rating agencies. In particular, Moody's Investor Service ("Moody's") and S&P Global Ratings ("S&P") have considered the creditworthiness of Altice USA's debt to be substantially interchangeable from a financial and markets perspective with that of Altice N.V., as confirmed by the following examples:

(a) On May 26, 2015, following Altice USA's announcement that it would purchase Suddenlink, Moody's assigned a B3 rating to Altice USA, a relatively low rating for a borrower, because of "the company's very high leverage, its limited free cash flow and ***the parent company's*** [*i.e.*, Altice N.V.'s] aggressive financial policy"; and

[4] Scholarly analysis that the cost of debt and the credit risk of controlled subsidiaries is lower than that for otherwise comparable stand-alone companies has been the focus of multiple articles in recent years. *See, e.g.*, William H. Beaver, et al., *Group Affiliation and Default Prediction*, 65(8) MGMT. SCI. 3559 (2019); Francesca Franco, et al., *Corporate Diversification and the Cost of Debt: The Role of Segment Disclosures*, 91 THE ACCT. REV. 1139 (2016); Michela Altieri, et al., *Why Do Parent Companies Guarantee Their Subsidiaries' Bonds? The Dark Side of Separate Legal Liability*, SSRN (2016), https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID3339157_code2385420.pdf?abstractid=2849420&mirid=1; Hae-Young Byun, et al., *Business group affiliation, ownership structure, and the cost of debt*, 23 J. OF CORP. FIN. 311 (2013); Radhakrishnan Gopalan, et al., *Affiliated firms and financial support: Evidence from Indian business groups*, 86 J. OF FIN. ECON. 759 (2007). Such research is another example of empirical confirmation of the common-sense principle that market participants customarily factor in the value of such implied guarantees by a parent in assessing the overall value and strength of a subsidiary.

(b) On November 23, 2017, S&P revised its outlook for Altice USA to "negative" based on ***Altice N.V.'s*** outsized debt load and the performance of Altice N.V.'s French subsidiary, SFR.

65. Further, prior to a subsidiary trading in the equity markets, investors and other market participants will assess the subsidiary's earnings and assign it a valuation by scrutinizing the parent's pre-spin-off segment data. For example, a team of researchers at the London Business School and the University of Illinois found that "publicly reported segment disclosures likely play an important role in debt investors' credit risk assessments." *Corporate Diversification*, 91 THE ACCOUNT. REV. at 1141. Similarly, earlier research has found that "a negative relation between better segment reporting," particularly geographic segment disclosures, and the "cost of equity capital." Belen Blanco, et al., *Segment Disclosure and Cost of Capital*, 42 J. OF BUS. FIN. & ACCOUNT. 367, 402 (2015). In other words, the more a corporation discloses about the positive performance of its geographic segments, the easier it is for them to raise money through the sale of publicly traded securities. Similarly, an assessment of segment information required to be disclosed under the Financial Accounting Standards Board's then-recently issued Statement of Financial Accounting Standards ("SFAS") Rule 14 concluded that "geographic segment earnings disclosures under SFAS 14 provide value-relevant information." Wayne B. Thomas, *The Value-relevance of Geographic Segment Earnings Disclosures Under SFAS 14*, 11 J. OF INT'L FIN. MGMT. & ACCOUNT. 133, 152 (2000). Taken together, these articles highlight that investors care deeply about segment reporting and utilize it in valuing an investment in a given subsidiary – and that where a parent corporation experiences either benefits or shortcomings relating to operational segments other than the subject subsidiary, investors can be expected to reconsider the valuation that market participants had previously given the subsidiary.

66. This was the case here. Prior to the IPO, Altice N.V. reported its U.S.-based earnings side-by-side with the earnings of other significant operating segments of the Altice Group, including Altice USA and Altice N.V.'s French and Portuguese subsidiaries.

Figure 3. Altice N.V.'s Segmented Revenues for the Year-Ended December 31, 2016, Reported on its Form 10-K (Published April 7, 2017).

	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**

[Text of footnotes omitted.]

67. In 2016, Altice N.V.'s U.S.-based operations, Altice USA, were its second most important source of revenue and profit, behind only those of Altice N.V.'s French operating subsidiary, SFR. When Altice N.V. reported poor performance by its operations in France in 2Q2017 and 3Q2017, shortly after Altice USA's IPO, it is unsurprising that investors revisited all of Altice N.V.'s operations and performance, including its French and Portuguese segment performance – and investors would revalue Altice USA accordingly.

68. Moreover, and also unsurprisingly, investors will also continue to closely monitor corporate parent earnings after a subsidiary's spin-off. Indeed, it is well-documented that where parent corporations experience earnings trends, their subsidiaries will typically experience similar

directional trends, including where the parent and subsidiary operate in different countries. For example, in their assessment of non-European subsidiaries of European-based parent corporations, Dhammika Dharmapala and Nadine Riedel Dhammikan found "a significantly positive impact" on the earnings of the non-European subsidiary when the European parent experienced positive earnings. D. Dharmapala & N. Riedel, *Earnings shocks and tax-motivated income-shifting: Evidence from European multinationals*, 97 J. OF PUB. ECON. 95, 96 (2013). Altice N.V. and Altice USA are simply another illustration that further confirms this well-understood paradigm – and that a reasonable market participant would ***expect*** that a material decline in the earnings of Altice N.V. (as was reported for its earnings for the quarters ended June 30, 2017 (2Q2017) and September 30, 2017 (3Q2017)) would result have a material adverse impact on Altice USA's perceived strength and that equity markets would reduce their valuation of Altice USA shares accordingly.

69. Nor, when considering the correlation between parent and subsidiary market performance, are investor concerns limited to earnings and balance sheet performance. For example, in their study of "reputation risk spillover" between cross-border corporate parents and subsidiaries, Nan Zhou and Heli Wang confirmed that, as here, a subsidiary's corporate ***reputation*** and brand value are intertwined with that of its parent and that this is particularly where the parent (as here) exercises a high degree of control over the subsidiary. Nan Zhou and Heli Wang, *Foreign subsidiary CSR as a buffer against parent firm reputation risk*, J. INT'L. BUS. STUD. (2020). Therefore, as Altice N.V.'s reputation suffered in Europe, a reasonable market participant would expect Altice USA to also suffer adverse reputational harm and resulting adverse impact on its share price.

70. At all relevant times, the closeness of the relationship between Altice USA and Altice N.V. was further illustrated by the significant overlap of shared directors and officers

between the two companies, a factor that equity investors also consider when assessing how closely tied a subsidiary is to its parent. *See* Vladimir Atanasov, et al., *Law and Tunneling*, 37(1) J. OF CORP. LAW 1 (2011). 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, Goei simultaneously served from 2016 through the IPO as ***both*** (a) Chairman, CEO, and a director of Altice USA; ***and*** (b) a member, and indeed the 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.

71. Similarly, Defendant Combes, another Altice N.V. director who succeeded Defendant Goei as Altice Group CEO in 2016, simultaneously served as both (a) an Altice N.V. director and the Altice Group CEO; ***and*** (b) a director of Altice USA from 2016 and through the June 2017 IPO (until he ultimately 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.

72. 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 IPO

73. 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).

74. 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.

75. 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.

76. 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 BCP") that had been among Altice USA's biggest creditors immediately before the IPO.[5] 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

[5] 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 and BCP's senior secured debt was converted to common stock, much of which CPPIB and BCP then sold in the IPO.

debt. The remaining proceeds of roughly $71 million went to compensate the Underwriter Defendants for their fees and expenses.

77. Any remotely adequate due diligence would have shown that Altice N.V.'s most critical markets were already materially deteriorating before the June 22, 2017 IPO. Indeed, as set forth above, several of the Individual Defendants, who signed the Offering Documents, were senior executives and/or directors of Altice N.V. at the time of the IPO. Moreover, as Defendant Combes publicly admitted ***after*** the IPO, the incomplete implementation of the so-called "Altice Way" in Altice N.V.'s biggest and (excluding Altice USA) second biggest markets – namely France and Portugal – and the resulting severe customer attrition, mismanaged price increases, and shoddy network and customer support in those critical markets, were already occurring as far back as ***December 2016***. And it was these very problems that would ultimately have a materially adverse impact on the entire Altice Group, including, predictably, Altice USA. Given the due diligence necessary to conduct an IPO of the size here, prior to the IPO, any non-negligent defendant would have reviewed and discussed these negative results, trends, risks, and related metrics, the materially negative impact that these developments were already having on Altice N.V.'s revenues, margins, and market share, as of the IPO, and the already significant risk that these adverse events and trends clearly posed, as of the IPO, to the business, reputation, financial results, and stock market performance of Altice USA.

78. Moreover, several of the Individual Defendants who signed the Offering Documents (or who were named with their consent as incoming directors of Altice USA in those materials) would have had ***first-hand*** information about the business and operations (and the deterioration therein prior to the IPO) of Altice N.V. and of the truth concerning the purported "successes" resulting from the implementation of the "Altice Way." For example, prior to and as

of the IPO, Defendant Combes was the CEO of Altice N.V. and the Altice Group of companies, Defendant Goei was the President of the Altice N.V. Board, Defendant Okhuijsen was the CFO of Altice N.V., and Defendant Bonnin was a member of the Altice N.V. Board and its General Secretary. These Defendants were either actually aware of the truth concerning the pre-IPO deterioration in the Altice Group, and the "benefits" of being associated with the "Altice Way," or would have had ready access to such information by making minimal due diligence inquiries.

79. Moreover, in any underwritten securities offering, the underwriters necessarily conduct due diligence investigations. The underwriter's due diligence investigations are meant to ensure that investors are aware of potentially material information regarding the offered securities and the issuer's businesses, executives, operations, accounting, and finances.

80. For Altice USA's IPO, due diligence investigations were performed by the Underwriter Defendants to reasonably understand, among other things, the shares being offered by Altice USA; the historical and current accounting for, and the financial, and legal condition of, Altice USA; and Altice USA's relationship with Altice N.V. and the nature and extent of the interdependence among Altice USA, Altice N.V., and the Altice Group as a whole. Indeed, such due diligence work was critical for the Underwriter Defendants to have a reasonable basis to believe in and endorse the accuracy and completeness of the material disclosures in the Offering Documents for the IPO.

81. The Underwriter Defendants' due diligence investigations would have been continued up to and through the close of Altice USA's IPO. Indeed, in the days immediately before the IPO, the Underwriter Defendants would have conducted final "bring-down" due diligence, which is the process by which results of earlier diligence must be reasonably re-examined and confirmed on a timely basis to ensure that earlier information had not materially

changed and that the Offering Documents for the IPO remained materially accurate and complete at the time of the IPO.

82. At every stage, due diligence should have been performed in accordance with the standard of care, custom, and practice applicable in the context of the particular securities offering at issue. The standard of care, custom, and practice applicable to underwriter due diligence in connection with an initial public offering of a company with extensive interconnected and interdependent relationships with parent and other affiliated business entities, such as Altice USA, required the Underwriter Defendants to, *inter alia*: (a) make affirmative inquiries reflecting a reasonable level of skepticism (that is, acting as the devil's advocate); (b) follow up and reasonably understand any information encountered in the course of a due diligence investigation that was inconsistent with the underwriters' understanding of the issuer's and the issuer's interconnected entities' business, operations, and current and projected financial performance, or that potentially suggested misleading or incomplete disclosures in the Offering Documents; (c) independently verify material information supplied by the issuer and its affiliated companies; and (d) ensure that the final drafts of Offering Documents were amended or supplemented to ensure that their contents were accurate, complete, and not misleading.

83. The due diligence for Altice USA's IPO would have been a multidisciplinary undertaking involving parties with diverse skills and experience, including officers, directors, underwriters, outside counsel, and independent auditors. Under the applicable industry standards and practice, the underwriters conducting the due diligence would have had access to, and relied on, these parties, including senior officers and directors of both Altice USA and Altice N.V.

84. As part of this process, the underwriters for the IPO would have required access to the internal financial results and forecasts that most accurately reflected Altice USA's current

financial condition during the lead up to, and at the time of, the IPO, as well as the internal financial results and forecasts that most accurately reflected the current financial condition of Altice N.V. and its primary operating subsidiaries that operated in the Altice Group's most important markets (which the Offering Documents themselves identified as including Portugal Telecom in Portugal and SFR in France). Indeed, as early as December 2016, the "key parties" involved in due diligence for the Altice USA IPO were specifically briefed on and considered Altice N.V.'s 2016, 2017, and 2018 financial results, projections, "recent developments," and other trends across Altice, N.V.'s business segments, including "signs of markets disruptions" and "customer satisfaction metrics," and their implications for the Altice USA IPO as well as the future impact on Altice USA.

85. To facilitate and enhance the harvesting and sharing of Altice USA and Altice N.V.'s financial and other internal information, the underwriters for the IPO would have adopted communication protocols, including the use of working group lists, diligence questionnaires, meeting agendas, and memoranda for internal review committees. The underwriters for the IPO would also have conducted or facilitated in-person meetings, telephone calls, conference calls, email communications, and submitted specific due diligence information requests to Altice USA and Altice N.V.'s senior officers and directors. These meetings and communications would have addressed, *inter alia*, Altice USA, Altice N.V., and the Altice Group's most recent internal financial results and Altice USA, Altice N.V., and the Altice Group's current financial condition during the lead up to, and at the time of, the IPO, including the most current internal financial results and forecasts for subsidiaries operating in the interdependent conglomerate's most important markets (and specifically referenced in the Offering Documents as material to Altice USA), including Portugal Telecom in Portugal and SFR in France.

86. As the due diligence investigations for Altice USA's June 2017 IPO moved toward the pricing and commencement of the IPO, the lead underwriters would have taken further steps to confirm that the financial and other information learned in the due diligence investigation, conclusions reached, and disclosures theretofore made in the Offering Documents were still current and accurate. This late phase of due diligence would have involved at least several "bring-down" calls, which are late-stage telephone conferences often held prior to pricing and again prior to closing for the Offering. These bring-down sessions would have been intended to update the diligence performed up to that point in time and to ensure that no material events had occurred or results had become available that necessitated disclosure to the market. These bring-down due diligence sessions would have been specifically designed and timed to give Altice USA and its management (including its senior officers and directors that Altice USA shared with Altice N.V. and the Altice Group) a last-minute chance to come clean and disclose any recent developments that may have been material to the IPO.

C. Defendants' Materially Inaccurate, Misleading, and Incomplete Offering Documents

87. The Offering Documents were replete with references to Altice USA's relationship to Altice N.V. as a "competitive strength," including specific claims that: (a) Altice USA "benefit[s] from being part of an international media and communications group"; (b) its "management team operates in a coordinated fashion with Altice N.V.'s management team"; (c) both Altice USA and Altice N.V. were driven at all levels "by the 'Altice Way'" and its "founder-inspired owner-operator culture and strategy of operational efficiency, innovation and long-term value creation for stockholders"; and (d) Altice USA's "management team benefits from Altice Group's experience in implementing the Altice Way around the world."

88. The Offering Documents further touted that the "Altice Way" had already "been successfully implemented across Altice Group," to "enhance the customer experience" and "drive revenue and cash flow growth . . . [and] market share gains," and that the "benefits of the Altice Way" had already "been demonstrated by Altice N.V.'s performance." The Offering Documents claimed that, as "the U.S. business of Altice N.V.," Altice USA benefited, in particular, from "management expertise and best practices developed and tested in other Altice Group markets such as France [and] Portugal[.]" The Offering Documents further represented that Altice USA's access to this purported expertise and best practices – as developed and demonstrated "across the Altice Group footprint such as Portugal Telecom in Portugal and SFR in France" – would "position [Altice USA] to outperform [its] U.S. industry peers"; similarly, the Offering Documents also represented that by "cross-deploy[ing] talent and expertise across its businesses," Altice USA would "benefit from [] senior management's experience in successfully implementing the Altice Way around the world." The Offering Documents also emphasized the Altice Group and Altice USA's successful implementation of the Altice Way and that Altice USA's senior "dual-hatted" officers' and directors' experience in fully and successfully implementing the Altice Way throughout the Altice Group – and, in particular, in Altice N.V.'s most important French and Portuguese subsidiaries – positively differentiated and distinguished Altice USA from its competitors and gave it significant competitive advantages.

89. 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.

- ***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.

90. 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. The Prospectus thereafter repeated these same representations on pp.145-46.

91. 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.

92. As the Offering Documents also emphasized:

> ***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.

93. The Offering Documents also expressly represented that Altice USA's "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 purported benefits and successful implementation of the Altice Way a stunning 52 times.

94. 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. The Prospectus thereafter repeated these same representations on p.149.

95. The statements referenced in ¶¶87-94, however, were materially false and misleading and/or omitted to disclose material adverse facts. In particular, the Offering Documents nowhere disclosed that, prior to the IPO and 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. Moreover, to the (limited) extent that the Altice Way had actually been implemented by December 2016, by that date – ***which was six months before the IPO*** – its implementation was already causing detrimental customer attrition in two of the Altice Group's three most important markets (France and Portugal) in connection with, *inter alia*, mismanaged price increases and shoddy network and customer support. This, in turn, posed severe

and entirely predictable risk to the business, reputation, financial results, and stock market performance of Altice USA. However, none of this was disclosed to investors in the Offering Documents, even though all of the Defendants knew, or should have known, that other market participants would rely significantly on the extent to which Altice N.V. was perceived to be the successful implementer of its uniquely beneficial "Altice Way."

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

97. 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 materially undercut the touted benefits of Altice USA's close relationship with the Altice Group.

98. 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.

99. 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 IPO 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.

100. 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 materially untrue, misleading, and incomplete. 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[.]

101. These so-called "risks" had already materialized before the IPO, and accordingly, the Offering Documents could not characterize them merely as risks without being materially misleading. Indeed, Altice N.V.'s most critical markets had already started to deteriorate ***six***

months before the IPO, and as of the IPO, this deterioration was thus already poised to adversely affect the reputation of all members of the Altice Group, devalue the previously perceived benefits of the Altice Way, and to result in an entirely predictable (to Defendants) decline in the value of Altice USA's share price.

POST IPO EVENTS

102. 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).

103. For example, after the close of the markets on July 27, 2017, Altice USA and Altice N.V. announced their financial results for the 2Q2017. 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 2Q2016 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.

104. Worse, however, was yet to come. After the close of trading on November 2, 2017, Altice USA and Altice N.V. jointly announced their financial results for 3Q2017. 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 3Q2016, 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.

105. On November 3, 2017, Altice USA and Altice, N.V., held a joint conference call with market analysts, with defendants Combes, Goei, and Okhuijsen responding to analyst concerns over these disappointing financial results and underlying trends. During the call, Defendant Combes, *inter alia,* admitted to problems in France and Portugal:

> We are intensifying the operational focus to improve customer experience in Europe. ***Not everything is going right here at the moment.*** So we are working hard to address this . . . We are aiming for much better performance in both France and Portugal than you can see in the Q3 numbers . . . ***we have seen a year-over-year deterioration in both France and Portugal in Q3 as a result of mismanaged rate events in both countries.*** We have specific action plans to return these businesses to growth as we are addressing all the areas where we have been at a competitive disadvantage and losing customers.

106. In response to analyst concerns during the call, defendant Combes further attributed the disappointing results in France and Portugal to the need to improve the quality of Altice N.V.'s management and network, Altice N.V.'s ineffective management and deficient customer service, and negative subscriber trends due to Altice N.V.'s choice (as far back as December 2016, and well before the June 2017 IPO) to not match lower pricing from competitors:

> [A]s you know on a yearly basis, we're [sic] done the price increase ***back in December [2016]***. And usually those price increases are followed in the marketplace by our competitors, which has not been the case to start with by our competitors, which took this opportunity to try to drive for additional share, ***which has had some impact on our customer base in let's say late Q4 [2016] beginning Q1 [2017]***."

107. The market reacted swiftly and sharply. On November 3, 2017, the price of Altice N.V.'s stock plummeted by almost 23% – and the price of Altice USA's common stock also fell sharply from $24.50 per share at the close on November 2, 2017, to $22.59 per share on November 3 – a decline of 8% that wiped out approximately $1.2 billion in shareholder value in just one day.

108. 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].

109. 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.***" In another November 6, 2017 report, analysts with J.P. Morgan expressed similar concerns, attributing the fact that Altice USA's common stock was "trading off ~8% on Friday" to "***massively weaker Altice NV results in France.***"

110. 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.***, and the appointment of defendant Goei in his place as CEO of Altice N.V., while also continuing to serve as Chairman and CEO Altice USA and as a director of Altice N.V.

111. 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.***" Other analysts clearly blamed the shocking results at Altice N.V. and the management reshuffle for Altice USA's sharp decline in value.

112. 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.***

113. 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.***

114. By admitting that the Altice Way had never been "successfully implemented" in the Altice Group's biggest operating unit (France's SFR), Defendant Drahi admitted that, contrary to Defendants' representations in the Offering Documents, the "Altice Way" was not well "developed and tested," was not a competitive advantage, and was not a common approach across the Altice Group – and that to the contrary, Defendants (unbeknownst to investors) knew, or should have known, as of the IPO, that the belated disclosure of such problems with implementation of the Altice Way (and related negative performance) would also have a materially adverse impact on Altice USA and its share price.

115. Indeed, market analysts responded by seriously questioning Altice Group's management integrity and effectiveness. 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.

116. 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

117. 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.

118. 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.

119. 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.

120. 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.

121. 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;

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

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

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

122. 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 All Defendants Except Drahi)

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

124. 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, Altice Europe N.V., the Individual Defendants, and the Underwriter Defendants.

125. 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.

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

127. 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.

128. 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.

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

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

131. 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 All Defendants Except Drahi)

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

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

134. By means of the defective Prospectus, Defendants named in this Cause of Action promoted, sold, and/or offered to sell, or controlled someone who promoted, sold, and/or offered to sell, Altice USA common stock to Plaintiffs and the members of the Class.

135. 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.

136. 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.

137. 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 All Defendants Except the Underwriter Defendants)

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

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

140. 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.

141. The Individual Defendants were controlling persons of Altice USA and/or Altice N.V. by virtue of their positions as directors or senior officers of Altice USA and/or Altice N.V.

The Individual Defendants each had a series of direct or indirect business or personal relationships with other directors or officers or major shareholders of Altice USA and Altice N.V. Altice USA controlled the Individual Defendants and all of Altice USA's employees. Altice N.V. and Drahi orchestrated, negotiated, and controlled Altice USA, the shared officers and directors, and the IPO. Altice N.V. exercised its control over Altice USA and the IPO by designating Altice N.V. employee representatives as officers and directors of Altice USA, and controlled those Individual Defendants, who, within the scope of their employment with Altice N.V., reviewed, contributed to, signed, or agreed to be named as incoming Altice USA officer and director designees in the Offering Documents.

142. 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.

143. 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 demand a trial by jury.

Dated: September 4, 2020
New York, New York

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