



Agenda Date: 5/25/16  
Agenda Items: 3D

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Trenton, New Jersey 08625-0350  
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OFFICE OF CABLE TELEVISION  
AND TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION	)	ORDER APPROVING
OF ALTICE N.V. AND CABLEVISION SYSTEMS	)	STIPULATION OF
CORPORATION AND CABLEVISION CABLE ENTITIES	)	SETTLEMENT
FOR APPROVAL TO TRANSFER CONTROL OF	)	
CABLEVISION CABLE ENTITIES	)	
	)	DOCKET NO. CM15111255
	)	
	)	
IN THE MATTER OF THE VERIFIED JOINT PETITION	)	
OF ALTICE N.V. AND CABLEVISION SYSTEMS	)	
CORPORATION, CABLEVISION LIGHTPATH-NJ, LLC,	)	DOCKET NO. TM15111256
AND 4CONNECTIONS LLC FOR APPROVAL TO	)	
TRANSFER CONTROL OF CABLEVISION	)	
LIGHTPATH-NJ, LLC AND 4CONNECTIONS LLC, AND	)	
FOR CERTAIN FINANCING ARRANGEMENTS	)	

**Parties of Record:**

**Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel**  
**Sidney A. Sayovitz, Esq., Schenck, Price, Smith & King LLP, for Petitioners**

**BY THE BOARD:**

By a verified Petition filed on November 5, 2015, Altice N.V. ("Altice"), Cablevision Systems Corporation ("Cablevision"), and the Cablevision Cable Entities<sup>1</sup> ("CCE") ("Cable Petitioners"), initiated a proceeding before the Board of Public Utilities ("Board"), pursuant to N.J.S.A. 48:5A-38 and N.J.A.C. 14:17-6.18, seeking approval for Altice to acquire control of the CCE

<sup>1</sup> Cablevision of Hudson County, LLC, Cablevision of Monmouth, LLC, Cablevision of New Jersey, LLC, Cablevision of Newark, Cablevision of Oakland, LLC, Cablevision of Paterson, LLC, Cablevision of Rockland/Ramapo, LLC, Cablevision of Warwick, LLC, and CSC TKR, LLC.

(Docket No. CM15111255).<sup>2</sup> Altice, Cablevision, Cablevision Lightpath-NJ, LLC ("Lightpath"), and 4Connections, LLC ("4Connections") ("Telecom Petitioners") concurrently also filed a separate verified Petition, pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14 requesting approval of the proposed transfer of control to Altice of Lightpath and 4Connections, both indirect wholly-owned subsidiaries of Cablevision, and approval for Lightpath to participate in the financing related to the Telecom Petitioners' proposed transfer of control ("Transaction Financing"), pursuant to N.J.S.A. 48:3-9, and N.J.A.C. 14:1-5.9. (Docket No. TM15111256) ("Merger" or "Transaction").<sup>3</sup>

## **BACKGROUND**

Altice is a publicly-traded holding company with limited liability (*naamloze vennootschap*)<sup>4</sup> incorporated under the laws of the Netherlands that is headquartered at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. Altice is a multinational cable and telecommunications company operating in Western Europe (including France, Portugal, Benelux and Switzerland), the United States, Israel, the Dominican Republic and the French Overseas Territories, providing cable and fiber-based fixed services, including, but not limited to, pay TV; broadband internet access, fixed-line telephony, and mobile telephony services (other than in the United States) in all of the geographies in which it operates. Altice serves approximately 36 million subscribers worldwide. Altice does not have operations or customers in New Jersey.

Cablevision, a publicly traded Delaware corporation that is headquartered at 1111 Stewart Avenue, Bethpage, NY 11714, is a connectivity, telecommunications and media company offering digital television, high-speed Internet services, and VoIP service to approximately 3.12 million customers in New York, New Jersey, and Connecticut.

The CCE provide cable television service pursuant to cable television franchises to approximately 783,058 subscribers (*Form F99*) in one hundred and seventy-six (176) municipalities in twelve New Jersey counties.<sup>5</sup> ("CCE Systems"). The CCE are wholly owned indirect subsidiaries of Cablevision with states of incorporation or organization in Delaware and New York.

Lightpath is a Delaware limited liability company (LLC) that is a wholly owned subsidiary of Cablevision Lightpath, Inc., which in turn is a wholly-owned subsidiary of Cablevision. 4Connections is a New Jersey LLC and is a wholly-owned subsidiary of Lightpath. Their principal place of business is also 1111 Stewart Avenue, Bethpage, NY 11714. Both Lightpath and 4Connections are authorized in New Jersey to provide local and interexchange

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<sup>2</sup> Cable Petitioners also filed with the Board a FCC Form 394 – Application for Franchise Authority Consent to Assignment or Transfer of Control of Cable Television Franchise, setting forth pertinent information concerning the Transaction.

<sup>3</sup> Altice, Cablevision, CCE, Lightpath and 4Connections shall hereinafter be referred to jointly as "Petitioners".

<sup>4</sup> Naamloze vennootschap (often abbreviated N.V. or NV) is a public company, usually only used in the Netherlands, Belgium, Indonesia, and Suriname. The company is owned by shareholders, and the company's shares are not registered to certain owners, so that they may be traded on the public stock market.

<sup>5</sup> Bergen, Essex, Hudson, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Union, and Warren.

telecommunications services pursuant to the Board's order in Docket No. TE02010035 issued March 26, 1998 and, in Docket No. TE04091033 issued January 28, 2009, respectively.

## **MERGER STRUCTURE**

On September 16, 2015, Cablevision and Altice entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among Altice, Neptune Merger Sub Corp., a wholly-owned subsidiary of Altice ("Merger Sub"), and Cablevision. Pursuant to the Merger Agreement (CSC 10K PG 1-2) Altice, through newly formed, wholly owned Dutch intermediate subsidiaries (the "Altice Intermediate Subs"), wholly owns a newly formed Delaware corporation, Neptune Holding US Corp. ("Neptune Holding"). In turn, Neptune Holding wholly owns Neptune Merger Sub Corp. (also a Delaware corporation ("Merger Sub")). Upon consummation of the Transaction, Merger Sub will be merged with and into Cablevision, after which point Merger Sub will no longer exist as a separate corporate entity. Cablevision will be the surviving corporation. At the same time, according to the Petitioners, CPP Investment Board, a Canada-organized investment management organization that invests the assets of the Canada Pension Plan ("CPPIB") and a group of limited partnerships formed under the laws of Guernsey, U.K., and associated with BC Partners Holding Limited ("BC Partners") and together with CPPIB, the "Co-Investors") have exercised an option to purchase a combined total of 30% of Cablevision that will result in the Co-Investors receiving a total of 30 percent of the ownership interests in one of the Altice Intermediate Subs. Altice will acquire the remaining 70 percent, giving Altice a controlling interest in Cablevision. As a result, Cablevision will be 100 percent directly owned by Neptune Holding and 70 percent indirectly owned by Altice. Accordingly, as a result of the merger of their ultimate parent, the CCE, Lightpath and 4Connections also will be 70 percent indirectly owned by Altice.

In connection with the Merger, each outstanding share of the Cablevision NY Group Class A common stock, Cablevision NY Group Class B common stock, and various restricted shares, stock options and other outstanding equity-based compensation will be converted into the right to receive \$34.90 in cash, without interest, less applicable tax withholdings.

In addition, in connection with the financing of the Transaction, Neptune Holding will form a separate wholly-owned subsidiary, Neptune FinCo Corp., a Delaware corporation ("Neptune Finco"). Upon consummation of the Transaction, Neptune Finco will be contributed by Neptune Holding to Merger Sub and merged with and into CSC Holding, LLC ("CSC Holdings"), an existing Cablevision subsidiary, with CSC Holding surviving the merger and Neptune Finco ceasing to exist as a separate corporate entity. CSC Holding will remain a direct wholly-owned subsidiary of Cablevision.

The CCE will remain the franchised cable television providers in New Jersey and will continue to operate and serve the CCE Systems. According to Altice, there are no plans to change the names of the CCE, the legal entities holding the franchises for the CCE Systems. Accordingly, Petitioners assert that Cablevision shall abide by all of its obligations under existing local franchise agreements throughout the term of such agreements as provided by applicable law. Petitioners also assert that there are currently no concrete plans to change rates, terms or service conditions or operations of the systems (FCC 394 Exhibit 2) which will develop in response to the market and regulatory developments, including changes with respect to finances, operations, accounting, rates, depreciation, operating schedule, maintenance and management, affecting the public interest. In addition, Petitioners assert that there are no concrete plans to change rate structures or programming tiers at this time, no specific plans in

place for changes in the customer service structure, and no specific programming changes are known or contemplated at this time.

### **TRANSACTION FINANCING**

The Transaction will be financed with \$8.6 billion of new debt to be assumed by CSC Holdings (as part of Neptune Finco's merger into CSC Holdings described above), cash on hand at Cablevision, and an equity contribution of \$3.3 billion from Altice and the Co-Investors. The new debt to be assumed by CSC Holdings on completion of the Transaction is split as follows: \$3.8 billion from a seven-year senior secured term loan; \$1.0 billion in 10-year senior guaranteed notes; and \$3.8 billion in seven-year and 10-year senior unsecured notes. The senior secured term loan and senior guaranteed notes will be guaranteed by certain of CSC Holdings' wholly-owned subsidiaries, including (subject to required approvals received herein) Lightpath. The senior secured term loan will be secured by the pledge of capital stock held by CSC Holding and subsidiaries that are guarantors in subsidiaries of CSC Holdings (subject to exclusion and limitations to be agreed). However, according to the Petitioners, CSC TKR, LLC and its subsidiaries (including the CCE that are party to the Cable Petition which own and operate the New Jersey cable television systems) will not be required to provide guarantees and/or first priority security interests in their stock or assets prior to or at the closing of the Transaction and therefore CSC TKR, LLC and its subsidiaries are excluded from the Financings that will be concluded at closing. Neptune Finco Corp. has agreed that it will use commercially reasonable efforts, within one year after closing of the Transaction, to obtain the required regulatory approvals to add CSC TKR, LLC and its subsidiaries as guarantors under the Financings. No such addition will take place until and unless all required regulatory approvals have been obtained. Petitioners will seek the Board's approval for CSC TKR, LLC and its subsidiaries to participate in the Financings by a separate petition to be filed with the Board after the closing of the Transaction. Accordingly, CSC TKR, LLC and its subsidiaries will not participate in the Financings until and unless all future required regulatory approvals have been obtained. Cablevision has also secured a five-year, \$2 billion revolving facility, which, according to the Petitioners, will ensure ample resources to meet Cablevision's liquidity needs.

In addition, to finance a part of the equity portion of the consideration for the Transaction, on October 9, 2015, Altice raised \$1.8 billion worth of new equity capital by issuing 69,997,600 Altice A shares and 24,825,602 Altice B shares. The total amount raised represents approximately 10 percent of the issued share capital of each class of stock.

### **TRANSACTION BENEFITS**

Altice asserts in the Petitions and in responses to discovery that the proposed Transaction will serve the public interest by promoting New Jersey customers' access to innovative, high-quality services at just and reasonable rates. Altice further asserts this will be achieved by: (a) investing heavily in and improving CCE NJ's network by pushing fiber deeper into the network, thereby eliminating active components in order to achieve lower failure rates; (b) introducing newer, more reliable, and more consumer-friendly customer premises equipment; and (c) investing in IT infrastructure and replacing legacy IT systems with more robust, easier-to-manage platforms, which will reduce operational complexity and enable the company to better serve customers through improved service provisioning, billing, and incident management. Over time, as network reliability and IT infrastructure improves, Altice asserts it will be able to redeploy resources as needed to ensure that Cablevision continues to operate reliably and

efficiently. Altice further asserts that by providing Cablevision with access to Altice's larger scale, operational expertise, and capital resources, the Transaction will allow Cablevision to build on its position as an innovative and dynamic competitor in the broadband, video and telecommunications markets and provide New Jersey consumers in Cablevision's territory with a more robust competitive option for these services. Altice states it has approximately 36 million subscribers worldwide, including the approximately 1.5 million subscribers served by Suddenlink.<sup>6</sup> This "additional scale," Altice asserts, will place it in a better negotiating position with suppliers and also enable Altice to eliminate duplicative costs, and spread the fixed cost of developing additional innovative and competitive service offerings across a larger subscriber base that to date has not been available to Cablevision. In addition, Altice asserts the Transaction will enhance the ability of Cablevision and its subsidiaries to compete in the telecommunications marketplace in New Jersey through network investment, consumer-focused products and services, and innovative pricing and packaging, thus promoting competition and customer choice. Altice further intends to focus on providing world-class broadband Internet connectivity, video and voice service and accordingly is fully committed to investing in the Cablevision network and offering New Jersey consumers the best quality and value in broadband Internet connectivity and video programming choices. In addition, Altice asserts the Transaction will reduce vertical integration in distribution and programming while posing no horizontal harms, and will cause no competitive harms since no overlap will be created between competing cable providers. Finally, Altice asserts the Transaction will enable the combined company to continue and enhance Cablevision's efforts to increase broadband connectivity and Wi-Fi service deployment and over-the-top video services.

In a letter issued by the Committee on Foreign Investments in the United States (Committee) dated February 17, 2016, the Committee indicated that after careful and full review of the proposed transaction "there were no unresolved national security concerns".

On May 3, 2016, the Federal Communications Commission's ("FCC") Wireline Competition Bureau approved the Transaction,<sup>7</sup> finding that it will serve the public interest, convenience and necessity. The FCC found that the Transaction is unlikely to result in any significant public interest harms and that it is likely to result in some public interest benefits of increased broadband speeds and more affordable options for low income consumers in Cablevision's service territory. Accordingly, while the FCC concedes that the public interest benefits are limited, the "scales tilt in favor of granting the Applications because of the absence of harms."<sup>8</sup> The FCC also stated: "Our review of applications filed with the Commission does not affect the states' independent proceedings on the proposed transaction, nor do we intend any finding in this Memorandum Opinion and Order to pre-judge the states' independent consideration of matters before them under applicable state law or precedent, which may differ from our standard of review."<sup>9</sup>

In addressing the issue of significant debt load associated with the transaction, the FCC, in analyzing the record before it, held that there was no evidence "Altice is underfunded or an irresponsible buyer unqualified to undertake the transaction. Altice has demonstrated that it has

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<sup>6</sup> Altice completed the purchase of Suddenlink on December 21, 2015.

<sup>7</sup> In the Matter of Applications Filed by Altice N.V. and Cablevision Systems Corporation to Transfer Control of Authorizations from Cablevision Systems Corporation to Altice N.V., W.C. Docket No. 15-257, DA 16-485, Memorandum Opinion and Order, 31 FCC Rcd \_\_\_\_\_, at ¶1 (May 3, 2016) (FCC Order).

<sup>8</sup> FCC Order at ¶50.

<sup>9</sup> FCC Order, at ¶2, n. 2.

the requisite financial qualifications...."<sup>10</sup> Further, the FCC stated that "Moody's predicts a cost savings of \$450 million in two to three years post-transaction, adding to Cablevision's cash flow."<sup>11</sup>

On May 11, 2016, the New York City Franchise Concession Review Committee approved the transaction. A determination by the New York Department of Public Service is anticipated in June.

## **DISCUSSION**

Following submission of the Petitions, discovery commenced and several rounds of discovery was exchanged in the within matters, propounded by Board Staff ("Staff") and the New Jersey Division of Rate Counsel ("Rate Counsel"). The Petitioners provided written responses to both routine and extended discovery requests dealing with the details of the transaction, its impact on New Jersey consumers, and the ability of the CCE, Lightpath and 4Connections to continue to provide safe, adequate and proper service subsequent to the transfer.

Rate Counsel submitted comments to the Board on March 17, 2016 regarding the Transaction, raising various concerns, including the substantial new debt and pressure to achieve the level of annual savings proposed by Altice without resulting in service quality deterioration, price hikes, and employee layoffs. Based on these concerns, Rate Counsel recommended that any approval of the Transaction should include conditions addressing the following areas: (a) Affordable broadband Internet access; (b) Affordable stand-alone voice service; (c) No data caps; (d) Commitment, without an expiration date, to not block or throttle Internet traffic and to abide by the FCC's net neutrality rules; (e) Commitment for broadband upgrade; (f) Unlimited flat rate broadband option; (g) Opt-out option for Wi-Fi hotspots; (h) Network reliability and public safety, including back-up batteries for Voice over Internet Protocol ("VoIP") customers and customer education (i) Service Quality metrics; (j) Billing and termination procedures, *i.e.*, increase the billing payment period and reduce late payment charges; (k) Protection of PEG channels; and (l) Open customer premises equipment.

The Petitioners did not reply to Rate Counsel's comments as settlement negotiations ensued.

### **A. Analysis of Statutory Criteria**

Various statutes and Board regulations apply to the Transaction and are addressed herein. Cable entities in New Jersey are generally governed under the Cable Television Act, N.J.S.A. 48:5A-1 et seq. N.J.S.A. 48:5A-38(a) in part provides that "no CATV company shall combine, merge, or consolidate with, or acquire control of, another organization without first obtaining the approval of the board, which shall be granted only after an investigation and finding that such proposed combination, merger, consolidation, or acquisition is in the public interest." Petitions for approval of a merger or consolidation must also conform with the filing requirements found in N.J.A.C. 14:17-6.18. Also, under N.J.S.A. 48:5A-38(b), certain mergers or consolidations involving an affiliate or a parent of a cable television company do not require Board approval, but that is not the case for the Transaction.

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<sup>10</sup> FCC Order at ¶21.

<sup>11</sup> FCC Order, at ¶20.

Mergers or consolidations of telephone utilities are subject to N.J.S.A. 48:2-51.1, which in part provides that “no person shall acquire or seek to acquire control of a public utility directly or indirectly. . . without requesting and receiving the written approval of the Board of Public Utilities. Any agreement reached, or any other action taken, in violation of this act shall be void.”

In considering a request for approval of an acquisition of control under N.J.S.A. 48:2-51.1., the Board shall evaluate the impact of such an acquisition on competition, on the rates of ratepayers affected by the acquisition of control, on the employees of the affected public utility or utilities, and on the provision of safe and adequate utility service at just and reasonable rates. In evaluating for approval a merger or consolidation of a New Jersey public utility, under N.J.A.C. 14:1-5.14(c), the Board must be “satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1.” Also, pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-10, the Board must determine whether the public utility or a wholly-owned subsidiary thereof may be unable to fulfill its pension obligations to any of its employees. Finally, pursuant to N.J.S.A. 48:3-9, the Board must approve the Transaction Financing if it is satisfied that the proposed issue is to be made in accordance with law and the purpose thereof is approved by the Board.

#### **B. Comments**

While the matter was pending, comments in support of the merger were received from the following entities: Morris County Chamber of Commerce; Norman Schmelz, Mayor-Borough of Bergenfield; Rotary Club of Newark; YMCA of Hamilton; Newark Pop Warner Football League; North Hudson Community Action Corporation; Boys and Girls Clubs of New Jersey; East Side High School (Newark); Boys and Girls Clubs of Newark; Breaking the Chain Through Education; Neptune High School; Metuchen High School; Saint Anne School (Fair Lawn); West New York Memorial High School; Puerto Rican Day Parade Inc.; and Commerce and Industry Association of New Jersey.

#### **C. Settlement**

After numerous meetings and extensive negotiations, a Stipulation of Settlement (“Stipulation”) was entered into by the Petitioners, Rate Counsel and Staff (collectively, “the Parties”), which was filed with the Board on or about May 19, 2016, addressing issues including matters beyond the terms contained in the Petitions. Elements of the agreement are summarized below:<sup>12</sup>

1. Altice commits to the following:
  - a. Network Upgrade/Expansion: The Company will upgrade its network such that it can provide Internet access service with speeds up to 300 Mbps, to be available on an equitable and nondiscriminatory basis to all existing customer locations passed no later than December 31, 2017. Within thirty (30) days following the closing of the Transaction (the “Closing”), the Company will submit a detailed description of the current network in New Jersey including system capacity, analog/digital RF

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<sup>12</sup> Although described in the Order at some length, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

allocation, and maximum broadband speed offering (downstream and upstream). Within one-hundred twenty (120) days following the Closing, the Company will submit a descriptive deployment plan and timeline indicating phases of completion of work and likely dates for the release of the 300 Mbps service in each system and, for each calendar quarter following the Closing, shall provide an update on progress toward service availability in each system until it is launched. The updates shall include progress on the bandwidth reclamation plan; IP Network augmentation and upgrade; hardware installation, testing, and activation; and operation readiness training and tools, as appropriate.

- b. Low-Income Broadband: Within six (6) months after the Closing, the Company shall launch pilot projects, training, and engagement of stakeholders with respect to low-income broadband service. Within fifteen (15) months after Closing, the Company will make available to New Jersey households statewide passed by the Company a low-income broadband service as follows:
  - i. Eligibility — The Company will offer its low-income broadband service to (A) households with children that have a student or students eligible for the National School Lunch Program, or (B) persons age 65 and older who are eligible for and receive benefits under the Supplemental Security Income (“SSI”) program from the federal government. No credit check shall be required to enroll. It shall not be the responsibility of the Company to verify and confirm eligibility. Any current or former customers in arrears will not be eligible until those debts have been cleared. This policy will be applied to New Jersey customers in the manner applied to New York customers, in accordance with the Order of the New York Public Service Commission (“PSC”) approving the Transaction, as that Order is applied by the PSC.
  - ii. Service Offering and Cost — The Company shall offer low-income broadband service with speeds up to 30 Mbps at a price not to exceed \$14.99 per month. This low income broadband service shall not include a modem fee or charge for self-installation, and will be offered without a data cap.
- c. Low-Cost Broadband Service: Within 120 days of Closing, the Company shall (A) increase speed on the existing 5/1 Mbps low-cost broadband service offering to 10/1 Mbps, (B) offer this service at a price not to exceed \$24.95 per month, and (C) shall continue to offer such low-cost broadband service for a period of not less than two (2) years from the date of Closing. Customers previously enrolled for low-cost broadband service may maintain service for up to three (3) years following the Closing.
- d. Network Resiliency/Recovery: In the event of the declaration of an active, qualifying state of emergency, pursuant to N.J.S.A. App. A:9-33 et seq., the Company shall provide the following:



- i. Emergency Wi-Fi for Everyone — The Company shall provide wireless Internet access for customer and non-customers in the relevant geographic area subject to such qualifying state of emergency via the Company's Outdoor Emergency Optimum Wi-Fi network without a fee.
- ii. Hyper Local News and Weather for All Residents — The Company shall provide customer and non-customer access to the News 12 website for access to storm and emergency information.
- iii. Partner with Utilities to Speed Power Restoration — The Company shall provide access to outage data at no cost to partnering utilities during the term of the qualified state of emergency. The Company will generally make available on reasonable and non-discriminatory commercial terms real-time power outage data to partnering utilities to target and prioritize outages.
- iv. Backup Customer Support — The Company shall provide backup customer support resources during an emergency, including rerouting customer service calls from affected areas to adequately staffed support centers and third-party support operations inside and outside the affected locales.

In support of emergency preparedness initiatives, the Company shall provide the following:

- v. Enhanced Network Resiliency — The Company shall commit to maintain Ring within Ring topology to remote hub for redundancy.
- vi. Backup Powering — The Company shall commit to maintain an adequate backup power generation capacity to support outside plant in the event of a prolonged regional power outage.
- vii. Storm Readiness Communications Plan — The Company shall launch public service announcements and other information about storm preparedness, the availability of backup batteries for cable modem MTA (for voice use), and the availability of other information portals such as News 12 during storms.

Nothing in this section of the Stipulation shall be read to preclude the Board from adopting or enforcing subsequently any lawful rule, regulation, or order regarding the matters addressed in this section.

- e. Most Favored Nation: Within sixty (60) days following the Closing, the Joint Petitioners will provide Board Staff and Rate Counsel with a copy of the final Orders and Settlement Stipulations from any State or other jurisdiction under which conditions are imposed on the Joint Petitioners, along with an analysis indicating and explaining the valuation of the customer benefits awarded in that jurisdiction as compared to the valuation of the customer benefits awarded in New Jersey, in each case,

calculated on a per customer basis. In recognition of the risks to New Jersey of approving the Transaction before other jurisdictions, the Signatory Parties agree that in the event that the Joint Petitioners agree to and accept orders under which another state or jurisdiction obtains materially greater benefits in the aggregate than New Jersey pursuant to this Stipulation and order of approval, including but not limited to faster broadband speeds, more advantageous low-income broadband, low-cost broadband, network resiliency and improvement, employment commitments, or other per subscriber benefits, then New Jersey shall be protected because the Joint Petitioners shall provide equivalent benefits to New Jersey. The Joint Petitioners and Board Staff agree that the "most favored nation" provision ensures that the synergy savings associated with the Transaction are shared with New Jersey customers in a manner equivalent to that of other States or jurisdictions on a per subscriber basis and on the same time schedule as agreed or required in the State of New York.

- f. Employment Commitments: Cablevision will not cause a reduction in force in customer-facing jobs, including at the Newark Project Facility located at 494 Broad Street, for two years following the close of the transaction. For purposes of this Stipulation, "customer-facing" refers to direct, non-incidentual interaction with customers, including but not limited to call center and other walk-in center jobs, and service technicians. On an annual basis, Cablevision shall provide the Board with the following information: Total number of NJ Employees; Total number of customer-facing jobs in NJ; Total number of Employees in the Newark Project Facility; and Total number of customer-facing jobs at the Newark Project Facility.
- g. Data Caps: For three (3) years following the Closing, the Company will offer a broadband product without a data cap, as well as provide the Low-Income Broadband Program referenced in subsection b., infra, without a data cap.
- h. Customer Service Offices: Cablevision presently maintains sixteen (16) local customer service offices in the State of New Jersey. Cablevision commits to maintain customer service offices in the State in accordance with its municipal franchise obligations, and applicable statutes and regulations, including but not limited to N.J.S.A. 48:5A-26(d) and N.J.A.C. 14:18-5.1. In addition, for two (2) years following the Closing, the Company commits to maintain at least thirteen (13) of Cablevision's sixteen (16) existing local customer service offices, including offices in Paterson, Union City, Bayonne, Elizabeth and Newark. For a period of three (3) years from the issuance of an Order approving this Stipulation, in the event there is any net loss of customer-facing jobs in New Jersey greater than fifteen percent (15%), the Joint Petitioners shall notify the Board of such change and provide an appropriate explanation.
- i. Customer Service: The Company commits throughout the term of the Stipulation to a repair and service metric in which it will: (a) provide the Board with the Repair & Service calls per customer for the calendar year

2015 (the "Service Quality Benchmark") within 30 days of the Closing; and (b) provide the Board with quarterly reports, within forty-five (45) days of the end of each calendar quarter, on the Repair & Service calls per customer for the prior quarter and for the prior twelve (12) months (the "Report"). Based on the Report for the prior twelve (12) months, if the Repair & Service calls per customer exceed the Service Quality Benchmark by ten percent (10%) or more, then the Company shall be required to invest up to \$250,000 per quarter to improve customer service over the next twelve (12) months.

- j. Notice of Credit Downgrade: If, within three (3) years of the Closing, one of the nationally-recognized statistical rating organizations such as Fitch, Standard and Poor's, or Moody's, issues a report indicating a downgrade in the Company's credit ratings below current level, the Company shall notify the Board within three (3) business days of the date of the issuance of such report and provide information on any proposed response to the downgrade within ten (10) business days of the issuance of such report.
- k. Compliance: The Company will abide by applicable customer service standards, performance standards, and service metrics as delineated under N.J.A.C. Title 14, including but not limited to Chapters 3, 10 and 18, and N.J.S.A. 48:5A, including, but not limited to, requirements related to billing practices and termination.
- l. Adverse Impact: If the Federal Communications Commission ("FCC") imposes conditions of the Joint Petitioners in an order by the FCC approving the Transaction and such conditions adversely impact those conditions contained in the Board Order approving the Transaction, the Company shall notify the Board of the impact that such conditions will have on its commitments to New Jersey and will work with the Board and Staff to ensure that New Jersey also obtains its commensurate benefit. Notwithstanding the foregoing, the conditions set out herein shall be provided in addition to any benefit that results from any federal action regarding the Transaction.
- m. Accounting Standards: Financial reports and related submissions to the Board by the Company will be denominated in U.S. dollars and will conform to U.S. GAAP subject to the requirements of applicable United States and international law.
- n. Pledge of Assets/Credit: Altice will not pledge the assets and/or credit of Cablevision's New Jersey operations to secure financing for any transaction unrelated to its New Jersey business or operations, except with prior approval of the Board as provided by applicable New Jersey law.
- o. Local Franchise Commitments: The Company shall abide by all of its obligations under existing local franchise agreements throughout the term of such agreements as provided by applicable law.

- p. Pending FCC Appeals: Altice expressly affirms that, subsequent to the Closing, Altice will cause the Cablevision operating entities to abide by and honor any final order with respect to any pending appeal or declaratory judgment, whether issued by the FCC or by a court of competent jurisdiction.
- q. Timeframe: Unless otherwise specified, commitment term is three (3) years.

## **FINDINGS AND CONCLUSIONS**

Based upon the Stipulation and the Board's independent review of the record in this matter, as well as consideration of the applicable statutes and regulations, cited above, the Board **HEREBY ACCEPTS** the Stipulation as filed with the Board.

Regarding the rate impact, based upon the Stipulation and the Board's independent review of the record in this matter, the Board concludes that there will be no negative impact on rates or service quality as a result of the Transaction.<sup>13</sup>

On the impact on service quality, the stipulated benefits include requiring that Cablevision maintain at least 13 of 16 local offices for a minimum of two (2) years, including offices in Paterson, Union City, Bayonne, Elizabeth and Newark, and commit to maintain customer service offices in the State in accordance with its municipal franchise obligations and applicable statutes and regulations, including but not limited to N.J.S.A. 48:5A-26(d) and N.J.A.C. 14:18-5.1. Further, Service Quality Benchmarks ("SQB") for Repair & Service ("R & S" Calls) per customer will be provided quarterly. If R & S Calls exceed the SQB by 10% or more, Altice shall be required to invest up to \$250,000 per quarter to improve customer service over the next twelve (12) months.

On the impact on employees, Cablevision will not cause a reduction in force in customer-facing jobs, including at the Newark Project Facility located at 494 Broad Street, for two years following the close of the transaction. After the two year period, but before 3 years post approval, if there is any net loss of customer-facing jobs in New Jersey greater than 15%, the Joint Petitioners shall notify the Board of such change and provide an appropriate explanation.

On the impact on competition, the stipulated benefits include requiring Altice to continue to offer Cablevision's Low Cost Broadband service at the price of \$24.95, increase its speed from 5 Mbps to 10 Mbps, and allow enrolled customers to retain that service for three (3) years; requiring Altice to offer one broadband product without data caps; and requiring Altice to establish a low income broadband program within 15 months offering 30 Mbps speeds service without data caps and a free modem, for households with National School Lunch Program eligible children, and SSI eligible participants. Altice has further agreed to pay the CCE's liability for potential refunds to customers with respect to any pending appeals with the Federal Communications Commission. By the stipulated terms, New Jersey consumers will benefit from the Transaction and are not harmed by the increasing market concentration/lack of competition. The Board is, therefore, satisfied that positive benefits will flow to customers and that the Transaction will strengthen the Petitioners' competitive posture in the telecommunications

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<sup>13</sup> Rates for basic cable service in the Cablevision Systems are not regulated. Thus, the CCE Systems' rates for basic service, or potential changes thereto, were not considered in the Board's determination.

market due to their access to additional resources. The Stipulation, executed on May 18, 2016, resolves the issues raised.

Accordingly, the Board **HEREBY FINDS** the Transaction as asserted in the Stipulation is in accordance with law, is in the public interest, and has a likelihood of creating positive benefits. The Board **FURTHER FINDS** that Altice has demonstrated that it possesses the financial resources and technical qualifications which ensure the Board of Altice's ability to provide safe, adequate and proper service. After review, the Board **FURTHER FINDS** that the proposed Transaction Financing with respect to the Telecom Petitioners is consistent with the applicable law and is in the public interest.

Moreover, the Board has continuing authority to regulate the CCE's cable television franchises and customer service obligations. The Petitioners have asserted that, following the Transaction, the CCEs will continue to hold the required Certificates of Approval ("COAs") for the CCE System's 176 municipalities, thereby obviating the need to transfer the COAs. Therefore, based on the structure of the Transaction, the Board **FINDS** that no new COAs are required.

Therefore, the Board **ADOPTS** the Stipulation, attached hereto, including all attachments and schedules, in its entirety, incorporating by reference the terms and conditions of the Stipulation as if fully set forth herein. In view of the foregoing, the Board **HEREBY ORDERS** that Petitioners be and are **HEREBY AUTHORIZED** to transfer the equity interests of the CCE, Lightpath and 4Connections to Altice, engage in the Transaction Financing related only to the Telecom Petitioners and not any CCE, and to execute all documents related thereto.

This Order is subject to the following:

- 1) This Order shall not affect or in any way limit the exercise of the authority of the Board, the Office of Cable Television and Telecommunications or the State of New Jersey in any future petition or in any proceeding regarding franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioners.
- 2) Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.
- 3) This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of tangible or intangible assets now owned or hereinafter to be owned by Petitioners.
- 4) This Order shall not be construed as superseding pending rate proceedings involving Cablevision.
- 5) Petitioners shall notify the Board, within five business days, of any material changes in the proposed financing, and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
- 6) Petitioners shall notify the Board of any material default on the terms of the notes within five business days of such occurrence.

- 7) The Petitioners shall notify the Board, in writing, within five (5) days of the date on which each of the Transactions is consummated.
- 8) Consummation of the above referenced transactions must take place no later than one-hundred-eighty (180) days from the date of this Order unless otherwise extended by the Board.
- 9) Petitioners shall file a Certification with the Board within thirty (30) days of the closing attesting to the lack of material deviation in the executed closing documents or final terms from those terms and conditions described herein and /or submitted to the Board with the petition. Any such material deviation in the executed closing documents shall render this Order voidable by the Board.
- 10) Petitioners shall file journal entries with the Board to record the transactions approved herein within forty-five (45) days of final closing, including but not limited to the consolidation entries of Cablevision under GAAP into Altice's IFRS.
- 11) Altice shall provide any outstanding certificates of incorporation or formation of any merger entities not previously provided, and any revisions to the corporate structure as provided in Exhibit B to the Petition, within forty-five (45) days of final closing.
- 12) Altice shall provide proof of compliance with rules, regulations and statutes requiring approval from other State and Federal regulatory agencies having jurisdiction in the matter, pursuant to N.J.A.C. 14:17-6.18(a) (13) within 10 days after all approvals have been received.
- 13) Altice shall file a final statement of the fees and expenses incurred in connection with the merger and the accounting disposition to be made thereof, on the books of the surviving corporation, within 30 days of such filing with the Securities and Exchange Commission, pursuant to N.J.A.C. 14:17-6.18(a) (14).
- 14) Altice and/or Cablevision and/or the CCE shall be liable for the State assessment, pursuant to N.J.S.A. 48:5A-32, and municipal franchise fees, pursuant to N.J.S.A. 48:5A-30, due and owing as of the statutory payment dates for the preceding calendar year relating to the CATV System being acquired pursuant to the Transaction approved herein.
- 15) Altice and/or Cablevision and/or Lightpath and 4Connections shall be liable for the State assessment, pursuant to N.J.S.A. 48:2-59, and any additional fees due and owing as of the statutory payment dates for the preceding calendar year relating to Lightpath and 4Connections being acquired pursuant to the Transaction approved herein.
- 16) Altice and/or Cablevision and/or the CCE shall be liable for any prior State Assessment and municipal franchise fee ("Fees") amounts becoming due and owing as a result of any Board or OCTV audit (Audit) or review performed on any CCE with respect to such Fees and shall be liable for any potential refunds to any CCE customers and municipalities arising out of such Audit.

- 17) All franchise obligations, commitments and agreements for the existing CCE Systems shall continue in force in all respects following the Transaction under Altice's ownership.
- 18) Altice shall file within 45 days of the closing of the Transaction a revised tariff for cable television service reflecting the new ownership and listing all charges as required by the Board, the Office of Cable Television and Telecommunications and/or the Federal Communications Commission.
- 19) The CCE shall provide, within 45 days of the date of closing, revised Office of Cable Television and Telecommunications Forms CATV-1 and CATV-2, which shall reflect gross revenue, as defined by the applicable statutes, for the periods January 1, 2015 through closing, for the CATV System transferred.
- 20) All of the obligations imposed upon the CCE under the Certificates of Approval issued by the Board for the municipalities served by the CCE or by any and all Offers of Settlement involving the CCE Systems, shall be assumed by Altice upon consummation of the Transaction.
- 21) All representations and Commitments made by the CCE to the municipalities serviced by the CATV System and the Board are fully enforceable as if set forth at length herein and shall also be assumed by Altice.
- 22) Approval of the transfer of the CATV System approved herein shall not constitute automatic approval of any business contract referenced in the Merger Agreement or supporting documents, if Board approval, pursuant to N.J.S.A. 48:5A-1 et seq. would otherwise be required.
- 23) Within ninety (90) days from the date of closing of the proposed Transaction, Petitioners shall certify, for each system under their control, as well as each system to be acquired as part of the Transaction the following items:
  - a) That all New Jersey cable television systems under their respective ownership and/or control, are in full compliance with Article 820 of the National Electrical Code as previously certified.
  - b) That all Board Ordered requirements or conditions arising out of any and all Offers of Settlement and Certificates of Approval have been or are being satisfied within the time frame set forth therein.
  - c) That sufficient funds will be available to fund all outstanding network extensions, rebuilds, upgrades, or other construction commitments arising from a system's primary Service Area (PSA), Certificate of Approval, Municipal Consent, Letters of Intent or other Orders or agreements, including but not limited to the Board Order in Docket No. CO16050416 and documentation provided subsequent thereto.
  - d) That billing records are available for all customers in New Jersey cable television systems under their respective ownership and/or control and to provide the Board and its OCTV with copies of such records for three (3) years in accordance with N.J.A.C. 14:18-3.7.
  - e) That within 90 days from the date of closing of the Transaction, Altice will provide certification that the CCEs are and will remain fully compliant with Emergency Alert System (EAS) obligations imposed by the FCC on digital

programming services, effective December 31, 2013, and will retain the current levels of EAS functionality as currently being provided under the State Operational Plan.

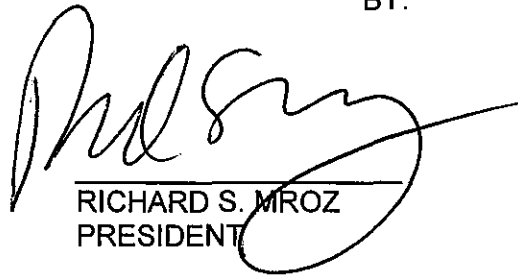
Should Petitioners be unable to complete their review of their respective systems within 90 days of closing, each petitioner shall file a certified report with the Staff prior to the expiration of the 90-day period setting forth its progress on the requirements set forth above in paragraphs a through d. Petitioners will at that time have the option of requesting an extension of time of up to 90 days to finalize the review of their systems and certify to same with regard to the provisions of paragraphs a through d set forth above.

The conditions set forth by Stipulation and in this Order are binding and enforceable by the Board and failure to comply will result in an enforcement action.

The effective date of this Order is May 27, 2016.

DATED: 5/26/16

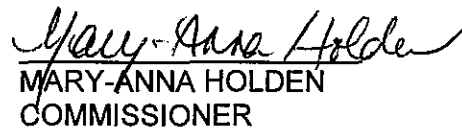
BOARD OF PUBLIC UTILITIES  
BY:



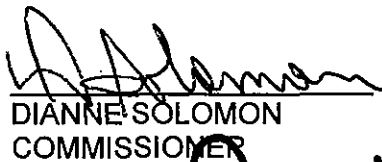
RICHARD S. MROZ  
PRESIDENT



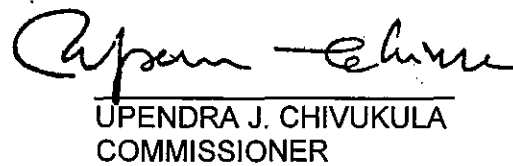
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COMMISSIONER




MARY-ANNA HOLDEN  
COMMISSIONER



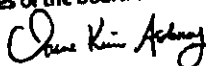
DIANNE SOLOMON  
COMMISSIONER



UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:   
IRENE KIM ASBURY  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities





IN THE MATTER OF THE VERIFIED JOINT PETITION OF ALTICE N.V. AND CABLEVISION SYSTEMS CORPORATION AND CABLEVISION CABLE ENTITIES FOR APPROVAL TO TRANSFER CONTROL OF CABLEVISION CABLE ENTITIES  
Docket No. CM15111255

IN THE MATTER OF THE VERIFIED JOINT PETITION OF ALTICE N.V. AND CABLEVISION SYSTEMS CORPORATION, CABLEVISION LIGHTPATH-NJ, LLC, AND 4CONNECTIONS LLC FOR APPROVAL TO TRANSFER CONTROL OF CABLEVISION LIGHTPATH-NJ, LLC AND 4CONNECTIONS LLC, AND FOR CERTAIN FINANCING ARRANGEMENTS  
Docket No. TM15111256

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[mnovas-ruiz@rpa.state.nj.us](mailto:mnovas-ruiz@rpa.state.nj.us)

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE VERIFIED  
PETITION OF ALTICE N.V. AND  
CABLEVISION SYSTEMS CORPORATION  
AND CABLEVISION CABLE ENTITIES  
FOR APPROVAL TO TRANSFER  
CONTROL OF CABLEVISION CABLE  
ENTITIES

BPU DOCKET NO. CM15111255

IN THE MATTER OF THE VERIFIED  
PETITION OF ALTICE N.V. AND  
CABLEVISION SYSTEMS CORPORATION,  
CABLEVISION LIGHTPATH-NJ, LLC AND  
4CONNECTIONS LLC FOR APPROVAL TO  
TRANSFER CONTROL OF CABLEVISION  
LIGHTPATH-NJ, LLC AND  
4CONNECTIONS LLC, AND FOR  
CERTAIN FINANCING ARRANGMENTS

BPU DOCKET NO. TM15111256

**STIPULATION OF SETTLEMENT**

**APPEARANCES:**

Sidney A. Sayovitz, Esq., Schenck Price Smith & King, LLP, on behalf of Altice, N.V., Cablevision Systems Corporation, Cablevision Lightpath-NJ, LLC and 4Connections, LLC (collectively, "Lightpath") and Cablevision of Hudson County, LLC, Cablevision of Monmouth County, LLC, Cablevision of New Jersey, LLC, Cablevision of Newark, Cablevision of Oakland, LLC, Cablevision of Paterson, LLC, Cablevision of Rockland/Ramapo, LLC, Cablevision of Warwick, LLC, and CSC TKR, LLC (collectively, the "Cablevision Cable Entities"), Joint Petitioners

Christopher Psihoules, Deputy Attorney General (Robert Lougy, Acting Attorney General of New Jersey), on behalf of the Staff of the Board of Public Utilities

Stefanie Brand, Director, New Jersey Division of Rate Counsel, on behalf of the Division of Rate Counsel

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

The parties to this proceeding are Altice N.V. ("Altice"), Cablevision Systems Corporation, Lightpath and Cablevision Cable Entities (collectively "Cablevision", and collectively with Altice, "Joint Petitioners"); the Division of Rate Counsel ("Rate Counsel"); and

the Staff of the New Jersey Board of Public Utilities (“Board Staff” or “Staff”). The New Jersey Board of Public Utilities shall be referred to in this Stipulation of Settlement (“Stipulation”) as the “Board” or “BPU”.

### PROCEDURAL HISTORY

On November 5, 2015, Joint Petitioners initiated this proceeding with the filing of a Verified Joint Petition, BPU Docket No. CM15111255, to obtain approval of the Board pursuant to N.J.S.A. 48:5A-38 and N.J.A.C. 14:17-6.18 for the transfer of control of the Cablevision Cable Entities to Altice (the “Transaction”), pursuant to which an Altice merger subsidiary (Neptune Merger Sub) will merge with and into Cablevision Systems Corporation, such that Cablevision will be the surviving corporation and become an indirect subsidiary of Altice and as more fully described in the Joint Petition and in the Merger Agreement dated September 16, 2015 (the “Merger Agreement”).

On this same date, Joint Petitioners also filed a Verified Joint Petition (the “Joint Petition”, and collectively with the Verified Joint Petition in BPU Docket No. CM 15111255, the “Joint Petitions”), BPU Docket No. TM15111256, pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14 for the transfer of control of Lightpath. Further, under the Joint Petition (Docket No. TM15111256), approval was sought pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9 for Lightpath to participate in the financing arrangements to be entered into in connection with the transfer of control.

Following the filing of the Joint Petitions and extensive discovery propounded by both Board Staff and Rate Counsel, the Joint Petitioners, Board Staff, and Rate Counsel engaged in settlement negotiations. Discussions were held with Board Staff and Rate Counsel regarding the benefits to be provided by the Joint Petitioners as a result of the proposed Transaction. In addition, Joint Petitioners provided discovery responses to Board Staff and Rate Counsel’s inquiries. The Joint Petitioners, Rate Counsel, and Board Staff (collectively, the “Signatory Parties”) have come to an agreement on all factual and legal issues arising in this matter.

### AGREEMENT

THEREFORE, the Signatory Parties, intending to be bound, hereto agree and stipulate as follows:

1. The statutory criteria for approval of petitions involving acquisitions of control of a New Jersey cable television company, as set forth in N.J.S.A. 48:5A-38 and N.J.A.C. 14:17-6.18, governing Docket No. CM15111255, have been satisfied. More particularly, Joint Petitioners assert that the record in Docket No. CM15111255, coupled with the conditions set forth herein, supports findings and conclusions by the Board that the Transaction is in the public interest.

2. The statutory criteria for approval of petitions involving acquisitions of control of a New Jersey public utility, as set forth in N.J.S.A. 48:2-51.1, have been satisfied. More particularly Joint Petitioners assert that the record in Docket No. TM15111256, coupled with the conditions set forth herein, supports findings and conclusions by the Board that the Transaction will not have an adverse impact on competition, on the rates of affected ratepayers, on the

employees of Cablevision, or on the provision of safe and adequate service at just and reasonable rates. The Signatory Parties further agree that consummation of the Transaction is consistent with the conditions set forth in this Stipulation, is in the public interest, and will result in positive benefits to customers and the State of New Jersey.

3. The statutory criteria for approval of petitions involving financing transactions of a New Jersey public utility, as set forth in N.J.S.A. 48:3-9 have been satisfied. More particularly, Joint Petitioners assert that the record in Docket No. TM15111256, coupled with the conditions set forth herein, supports findings and conclusions by the Board that the financing with respect to Lightpath in connection with the Transaction is in the public interest.

4. The Joint Petitioners agreed to extend, through May 27, 2016, the 120-day period for which the Board has to grant a transfer of control request under 47 CFR 76.502(c).

5. Based upon the Joint Petitioners' agreement to comply with the conditions set forth below, Rate Counsel and Board Staff do not object to the Board making findings set forth in paragraphs 1-3 above, and authorizing Joint Petitioners to take all actions necessary in order for the Transaction to be lawfully consummated.

6. Once the Board makes the findings set forth in paragraphs 1-5 above, and following the closing of the Transaction, provided that the Joint Petitioners commit to the conditions and commitments set out below herein, the Signatory Parties agree that the Joint Petitioners shall be authorized to take all actions necessary in order for the Transaction to be lawfully consummated, such that Altice may acquire a controlling interest in Cablevision (the "Company"), as described in the Joint Petitions in Docket Nos. CM15111255 and TM15111256 as follows:

a. Neptune Merger Sub may merge with and into Cablevision by the filing of a Certificate of Merger with the Secretary of State of the State of Delaware, such that Cablevision may continue as the surviving corporation, as described in the Merger Agreement.

b. Shares of Cablevision NY Group Class A Common Stock, par value \$0.01 per share and Cablevision NY Group Class B Common Stock, par value \$0.01 per share, issued and outstanding immediately prior to the effective time of the Merger may be cancelled and converted automatically into the right to receive the consideration as described in the Merger Agreement.

c. Cablevision may become an indirect subsidiary of Altice as described in the Merger Agreement.

d. Lightpath may assume the financial obligations imposed upon it in connection with the Transaction, as described in the Joint Petitions and Merger Agreement.

7. **Network Upgrade/Expansion.** The Company will upgrade its network such that it can provide Internet access service with speeds up to 300 Mbps, to be available on an equitable and nondiscriminatory basis to all existing customer locations passed no later than December 31, 2017. Within thirty (30) days following the closing of the Transaction (the "Closing"), the Company will submit a detailed description of the current network in New Jersey including

system capacity, analog/digital RF allocation, and maximum broadband speed offering (downstream and upstream). Within one-hundred twenty (120) days following the Closing, the Company will submit a descriptive deployment plan and timeline indicating phases of completion of work and likely dates for the release of the 300 Mbps service in each system and, for each calendar quarter following the Closing, shall provide an update on progress toward service availability in each system until it is launched. The updates shall include progress on the bandwidth reclamation plan; IP Network augmentation and upgrade; hardware installation, testing, and activation; and operation readiness training and tools, as appropriate.

a. **Low-Income Broadband.** Within six (6) months after the Closing, the Company shall launch pilot projects, training, and engagement of stakeholders with respect to low-income broadband service. Within fifteen (15) months after Closing, the Company will make available to New Jersey households statewide passed by the Company a low-income broadband service as follows:

i. **Eligibility** — The Company will offer its low-income broadband service to (A) households with children that have a student or students eligible for the National School Lunch Program, or (B) persons age 65 and older who are eligible for and receive benefits under the Supplemental Security Income program from the federal government. No credit check shall be required to enroll. It shall not be the responsibility of the Company to verify and confirm eligibility. Any current or former customers in arrears will not be eligible until those debts have been cleared. This policy will be applied to New Jersey customers in the manner applied to New York customers, in accordance with the Order of the New York Public Service Commission (“PSC”) approving the Transaction, as that Order is applied by the PSC.

ii. **Service Offering and Cost** — The Company shall offer low-income broadband service with speeds up to 30 Mbps at a price not to exceed \$14.99 per month. This low income broadband service shall not include a modem fee or charge for self-installation, and will be offered without a data cap.

b. **Low-Cost Broadband Service.** Within 120 days of Closing, the company shall (A) increase speed on the existing 5/1 Mbps low-cost broadband service offering to 10/1 Mbps, (B) offer this service at a price not to exceed \$24.95 per month, and (C) shall continue to offer such low-cost broadband service for a period of not less than two (2) years from the date of Closing. Customers previously enrolled for low-cost broadband service may maintain service for up to three (3) years following the Closing.

c. **Network Resiliency/Recovery.** In the event of the declaration of an active, qualifying state of emergency, pursuant to N.J.S.A. App. A:9-33 et seq., the Company shall provide the following:

i. **Emergency Wifi for Everyone** — The Company shall provide wireless Internet access for customer and non-customers in the relevant geographic area subject to such qualifying state of emergency via the Company’s Outdoor Emergency Optimum WiFi network without a fee.

ii. Hyper Local News and Weather for All Residents — The Company shall provide customer and non-customer access to the News 12 website for access to storm and emergency information.

iii. Partner with Utilities to Speed Power Restoration — The Company shall provide access to outage data at no cost to partnering utilities during the term of the qualified state of emergency. The Company will generally make available on reasonable and non-discriminatory commercial terms real-time power outage data to partnering utilities to target and prioritize outages.

iv. Backup Customer Support — The Company shall provide backup customer support resources during an emergency, including rerouting customer service calls from affected areas to adequately staffed support centers and third-party support operations inside and outside the affected locales.

In support of emergency preparedness initiatives, the Company shall provide the following:

v. Enhanced Network Resiliency — The Company shall commit to maintain Ring within Ring topology to remote hub for redundancy.

vi. Backup Powering — The Company shall commit to maintain an adequate backup power generation capacity to support outside plant in the event of a prolonged regional power outage.

vii. Storm Readiness Communications Plan — The Company shall launch public service announcements and other information about storm preparedness, the availability of backup batteries for cable modem MTA (for voice use), and the availability of other information portals such as News 12 during storms.

Nothing in this section of the Stipulation shall be read to preclude the Board from adopting or enforcing subsequently any lawful rule, regulation, or order regarding the matters addressed in this section.

**Most Favored Nation.** Within sixty (60) days following the Closing, the Joint Petitioners will provide Board Staff and Rate Counsel with a copy of the final Orders and Settlement Stipulations from any State or other jurisdiction under which conditions are imposed on the Joint Petitioners, along with an analysis indicating and explaining the valuation of the customer benefits awarded in that jurisdiction as compared to the valuation of the customer benefits awarded in New Jersey, in each case, calculated on a per customer basis.

In recognition of the risks to New Jersey of approving the Transaction before other jurisdictions, the Signatory Parties agree that in the event that the Joint Petitioners agree to and accept orders under which another state or jurisdiction obtains materially greater benefits in the aggregate than New Jersey pursuant to this Stipulation and order of approval, including but not limited to faster broadband speeds, more advantageous low-income broadband, low-cost

broadband, network resiliency and improvement, employment commitments, or other per subscriber benefits, then New Jersey shall be protected because the Joint Petitioners shall provide equivalent benefits to New Jersey. The Joint Petitioners and Board Staff agree that the “most favored nation” provision ensures that the synergy savings associated with the Transaction are shared with New Jersey customers in a manner equivalent to that of other States or jurisdictions on a per subscriber basis, and on the same time schedule as agreed or required in the State of New York.

d. **Employment Commitments.** Cablevision will not cause a reduction in force in customer-facing jobs, including at the Newark Project Facility located at 494 Broad Street, for two years following the close of the transaction. For purposes of this Stipulation, “customer-facing” refers to direct, non-incidentual interaction with customers, including but not limited to call center and other walk-in center jobs, and service technicians. On an annual basis, Cablevision shall provide the Board with the following information: Total number of NJ Employees; Total number of customer-facing jobs in NJ; Total number of Employees in the Newark Project Facility; and Total number of customer-facing jobs at the Newark Project Facility.

e. **Data Caps.** For three (3) years following the Closing, the Company will offer a broadband product without a data cap, as well as provide the Low-Income Broadband Program referenced in subsection a., infra, without a data cap.

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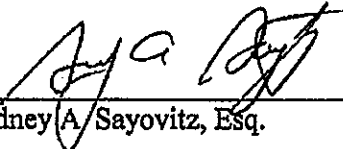
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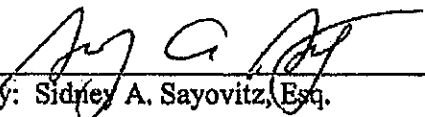
ALTICE, N.V.

May 16, 2016  
Date

  
By: Sidney A. Sayovitz, Esq.

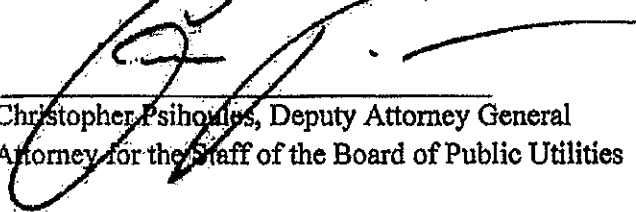
CABLEVISION SYSTEMS CORPORATION  
CABLEVISION CABLE ENTITIES

May 16, 2016  
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ROBERT LOUGY  
ACTING ATTORNEY GENERAL OF NEW JERSEY

May 18, 2016  
Date

  
Christopher Psihomas, Deputy Attorney General  
Attorney for the Staff of the Board of Public Utilities

STEFANIE A. BRAND, DIRECTOR  
NEW JERSEY DIVISION OF RATE COUNSEL

May 18, 2016  
Date

  
Stefanie Brand, Director of the New Jersey Division of  
Rate Counsel

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE VERIFIED  
PETITION OF ALTICE N.V. AND  
CABLEVISION SYSTEMS CORPORATION  
AND CABLEVISION CABLE ENTITIES  
FOR APPROVAL TO TRANSFER  
CONTROL OF CABLEVISION CABLE  
ENTITIES

BPU DOCKET NO. CM15111255

IN THE MATTER OF THE VERIFIED  
PETITION OF ALTICE N.V. AND  
CABLEVISION SYSTEMS CORPORATION,  
CABLEVISION LIGHTPATH-NJ, LLC AND  
4CONNECTIONS LLC FOR APPROVAL TO  
TRANSFER CONTROL OF CABLEVISION  
LIGHTPATH-NJ, LLC AND  
4CONNECTIONS LLC, AND FOR  
CERTAIN FINANCING ARRANGMENTS

BPU DOCKET NO. TM15111256

**STIPULATION OF SETTLEMENT**

**APPEARANCES:**

Sidney A. Sayovitz, Esq., Schenck Price Smith & King, LLP, on behalf of Altice, N.V., Cablevision Systems Corporation, Cablevision Lightpath-NJ, LLC and 4Connections, LLC (collectively, "Lightpath") and Cablevision of Hudson County, LLC, Cablevision of Monmouth County, LLC, Cablevision of New Jersey, LLC, Cablevision of Newark, Cablevision of Oakland, LLC, Cablevision of Paterson, LLC, Cablevision of Rockland/Ramapo, LLC, Cablevision of Warwick, LLC, and CSC TKR, LLC (collectively, the "Cablevision Cable Entities"), Joint Petitioners

Christopher Psihoules, Deputy Attorney General (Robert Lougy, Acting Attorney General of New Jersey), on behalf of the Staff of the Board of Public Utilities

Stefanie Brand, Director, New Jersey Division of Rate Counsel, on behalf of the Division of Rate Counsel

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

The parties to this proceeding are Altice N.V. ("Altice"), Cablevision Systems Corporation, Lightpath and Cablevision Cable Entities (collectively "Cablevision", and collectively with Altice, "Joint Petitioners"); the Division of Rate Counsel ("Rate Counsel"); and

the Staff of the New Jersey Board of Public Utilities (“Board Staff” or “Staff”). The New Jersey Board of Public Utilities shall be referred to in this Stipulation of Settlement (“Stipulation”) as the “Board” or “BPU”.

### PROCEDURAL HISTORY

On November 5, 2015, Joint Petitioners initiated this proceeding with the filing of a Verified Joint Petition, BPU Docket No. CM15111255, to obtain approval of the Board pursuant to N.J.S.A. 48:5A-38 and N.J.A.C. 14:17-6.18 for the transfer of control of the Cablevision Cable Entities to Altice (the “Transaction”), pursuant to which an Altice merger subsidiary (Neptune Merger Sub) will merge with and into Cablevision Systems Corporation, such that Cablevision will be the surviving corporation and become an indirect subsidiary of Altice and as more fully described in the Joint Petition and in the Merger Agreement dated September 16, 2015 (the “Merger Agreement”).

On this same date, Joint Petitioners also filed a Verified Joint Petition (the “Joint Petition”, and collectively with the Verified Joint Petition in BPU Docket No. CM 15111255, the “Joint Petitions”), BPU Docket No. TM15111256, pursuant to N.J.S.A. 48:2-51.1 and N.J.A.C. 14:1-5.14 for the transfer of control of Lightpath. Further, under the Joint Petition (Docket No. TM15111256), approval was sought pursuant to N.J.S.A. 48:3-9 and N.J.A.C. 14:1-5.9 for Lightpath to participate in the financing arrangements to be entered into in connection with the transfer of control.

Following the filing of the Joint Petitions and extensive discovery propounded by both Board Staff and Rate Counsel, the Joint Petitioners, Board Staff, and Rate Counsel engaged in settlement negotiations. Discussions were held with Board Staff and Rate Counsel regarding the benefits to be provided by the Joint Petitioners as a result of the proposed Transaction. In addition, Joint Petitioners provided discovery responses to Board Staff and Rate Counsel’s inquiries. The Joint Petitioners, Rate Counsel, and Board Staff (collectively, the “Signatory Parties”) have come to an agreement on all factual and legal issues arising in this matter.

### AGREEMENT

THEREFORE, the Signatory Parties, intending to be bound, hereto agree and stipulate as follows:

1. The statutory criteria for approval of petitions involving acquisitions of control of a New Jersey cable television company, as set forth in N.J.S.A. 48:5A-38 and N.J.A.C. 14:17-6.18, governing Docket No. CM15111255, have been satisfied. More particularly, Joint Petitioners assert that the record in Docket No. CM15111255, coupled with the conditions set forth herein, supports findings and conclusions by the Board that the Transaction is in the public interest.

2. The statutory criteria for approval of petitions involving acquisitions of control of a New Jersey public utility, as set forth in N.J.S.A. 48:2-51.1, have been satisfied. More particularly Joint Petitioners assert that the record in Docket No. TM15111256, coupled with the conditions set forth herein, supports findings and conclusions by the Board that the Transaction will not have an adverse impact on competition, on the rates of affected ratepayers, on the

employees of Cablevision, or on the provision of safe and adequate service at just and reasonable rates. The Signatory Parties further agree that consummation of the Transaction is consistent with the conditions set forth in this Stipulation, is in the public interest, and will result in positive benefits to customers and the State of New Jersey.

3. The statutory criteria for approval of petitions involving financing transactions of a New Jersey public utility, as set forth in N.J.S.A. 48:3-9 have been satisfied. More particularly, Joint Petitioners assert that the record in Docket No. TM15111256, coupled with the conditions set forth herein, supports findings and conclusions by the Board that the financing with respect to Lightpath in connection with the Transaction is in the public interest.

4. The Joint Petitioners agreed to extend, through May 27, 2016, the 120-day period for which the Board has to grant a transfer of control request under 47 CFR 76.502(c).

5. Based upon the Joint Petitioners' agreement to comply with the conditions set forth below, Rate Counsel and Board Staff do not object to the Board making findings set forth in paragraphs 1-3 above, and authorizing Joint Petitioners to take all actions necessary in order for the Transaction to be lawfully consummated.

6. Once the Board makes the findings set forth in paragraphs 1-5 above, and following the closing of the Transaction, provided that the Joint Petitioners commit to the conditions and commitments set out below herein, the Signatory Parties agree that the Joint Petitioners shall be authorized to take all actions necessary in order for the Transaction to be lawfully consummated, such that Altice may acquire a controlling interest in Cablevision (the "Company"), as described in the Joint Petitions in Docket Nos. CM15111255 and TM15111256 as follows:

a. Neptune Merger Sub may merge with and into Cablevision by the filing of a Certificate of Merger with the Secretary of State of the State of Delaware, such that Cablevision may continue as the surviving corporation, as described in the Merger Agreement.

b. Shares of Cablevision NY Group Class A Common Stock, par value \$0.01 per share and Cablevision NY Group Class B Common Stock, par value \$0.01 per share, issued and outstanding immediately prior to the effective time of the Merger may be cancelled and converted automatically into the right to receive the consideration as described in the Merger Agreement.

c. Cablevision may become an indirect subsidiary of Altice as described in the Merger Agreement.

d. Lightpath may assume the financial obligations imposed upon it in connection with the Transaction, as described in the Joint Petitions and Merger Agreement.

7. **Network Upgrade/Expansion.** The Company will upgrade its network such that it can provide Internet access service with speeds up to 300 Mbps, to be available on an equitable and nondiscriminatory basis to all existing customer locations passed no later than December 31, 2017. Within thirty (30) days following the closing of the Transaction (the "Closing"), the Company will submit a detailed description of the current network in New Jersey including

system capacity, analog/digital RF allocation, and maximum broadband speed offering (downstream and upstream). Within one-hundred twenty (120) days following the Closing, the Company will submit a descriptive deployment plan and timeline indicating phases of completion of work and likely dates for the release of the 300 Mbps service in each system and, for each calendar quarter following the Closing, shall provide an update on progress toward service availability in each system until it is launched. The updates shall include progress on the bandwidth reclamation plan; IP Network augmentation and upgrade; hardware installation, testing, and activation; and operation readiness training and tools, as appropriate.

a. **Low-Income Broadband.** Within six (6) months after the Closing, the Company shall launch pilot projects, training, and engagement of stakeholders with respect to low-income broadband service. Within fifteen (15) months after Closing, the Company will make available to New Jersey households statewide passed by the Company a low-income broadband service as follows:

i. **Eligibility** — The Company will offer its low-income broadband service to (A) households with children that have a student or students eligible for the National School Lunch Program, or (B) persons age 65 and older who are eligible for and receive benefits under the Supplemental Security Income program from the federal government. No credit check shall be required to enroll. It shall not be the responsibility of the Company to verify and confirm eligibility. Any current or former customers in arrears will not be eligible until those debts have been cleared. This policy will be applied to New Jersey customers in the manner applied to New York customers, in accordance with the Order of the New York Public Service Commission (“PSC”) approving the Transaction, as that Order is applied by the PSC.

ii. **Service Offering and Cost** — The Company shall offer low-income broadband service with speeds up to 30 Mbps at a price not to exceed \$14.99 per month. This low income broadband service shall not include a modem fee or charge for self-installation, and will be offered without a data cap.

b. **Low-Cost Broadband Service.** Within 120 days of Closing, the company shall (A) increase speed on the existing 5/1 Mbps low-cost broadband service offering to 10/1 Mbps, (B) offer this service at a price not to exceed \$24.95 per month, and (C) shall continue to offer such low-cost broadband service for a period of not less than two (2) years from the date of Closing. Customers previously enrolled for low-cost broadband service may maintain service for up to three (3) years following the Closing.

c. **Network Resiliency/Recovery.** In the event of the declaration of an active, qualifying state of emergency, pursuant to N.J.S.A. App. A:9-33 et seq., the Company shall provide the following:

i. **Emergency Wifi for Everyone** — The Company shall provide wireless Internet access for customer and non-customers in the relevant geographic area subject to such qualifying state of emergency via the Company’s Outdoor Emergency Optimum WiFi network without a fee.

ii. Hyper Local News and Weather for All Residents — The Company shall provide customer and non-customer access to the News 12 website for access to storm and emergency information.

iii. Partner with Utilities to Speed Power Restoration — The Company shall provide access to outage data at no cost to partnering utilities during the term of the qualified state of emergency. The Company will generally make available on reasonable and non-discriminatory commercial terms real-time power outage data to partnering utilities to target and prioritize outages.

iv. Backup Customer Support — The Company shall provide backup customer support resources during an emergency, including rerouting customer service calls from affected areas to adequately staffed support centers and third-party support operations inside and outside the affected locales.

In support of emergency preparedness initiatives, the Company shall provide the following:

v. Enhanced Network Resiliency — The Company shall commit to maintain Ring within Ring topology to remote hub for redundancy.

vi. Backup Powering — The Company shall commit to maintain an adequate backup power generation capacity to support outside plant in the event of a prolonged regional power outage.

vii. Storm Readiness Communications Plan — The Company shall launch public service announcements and other information about storm preparedness, the availability of backup batteries for cable modem MTA (for voice use), and the availability of other information portals such as News 12 during storms.

Nothing in this section of the Stipulation shall be read to preclude the Board from adopting or enforcing subsequently any lawful rule, regulation, or order regarding the matters addressed in this section.

**Most Favored Nation.** Within sixty (60) days following the Closing, the Joint Petitioners will provide Board Staff and Rate Counsel with a copy of the final Orders and Settlement Stipulations from any State or other jurisdiction under which conditions are imposed on the Joint Petitioners, along with an analysis indicating and explaining the valuation of the customer benefits awarded in that jurisdiction as compared to the valuation of the customer benefits awarded in New Jersey, in each case, calculated on a per customer basis.

In recognition of the risks to New Jersey of approving the Transaction before other jurisdictions, the Signatory Parties agree that in the event that the Joint Petitioners agree to and accept orders under which another state or jurisdiction obtains materially greater benefits in the aggregate than New Jersey pursuant to this Stipulation and order of approval, including but not limited to faster broadband speeds, more advantageous low-income broadband, low-cost

broadband, network resiliency and improvement, employment commitments, or other per subscriber benefits, then New Jersey shall be protected because the Joint Petitioners shall provide equivalent benefits to New Jersey. The Joint Petitioners and Board Staff agree that the “most favored nation” provision ensures that the synergy savings associated with the Transaction are shared with New Jersey customers in a manner equivalent to that of other States or jurisdictions on a per subscriber basis, and on the same time schedule as agreed or required in the State of New York.

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ALTICE, N.V.

May 16, 2016  
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CABLEVISION SYSTEMS CORPORATION  
CABLEVISION CABLE ENTITIES

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