OFFERING MEMORANDUM **Not for General Circulation in the United States**

Matterhorn Financing & Cy S.C.A.

Up to €396,250,000 9.00%/9.75% Senior PIK Toggle Notes due 2019

Matterhorn Financing & Cy S.C.A. (the "Issuer") issued €250 million aggregate principal amount of its 9.00%/9.75% Senior PIK Toggle Notes due 2019 (the "Notes").

The Issuer will pay interest on the Notes semi-annually in arrears on each April 15 and October 15, commencing on October 15, 2013. The first and last interest payments on the Notes will be made in cash. For each other interest payment, the Issuer will be required to pay interest on the Notes entirely in cash ("Cash Interest"), unless the conditions described in this offering memorandum are satisfied, in which case the Issuer will be entitled to pay, to the extent described herein, interest for such interest period by increasing the principal amount of the Notes or by issuing Notes in a principal amount equal to such interest ("PIK Interest") or as a combination of the two. Cash Interest will accrue on the Notes at a rate of 9.00% per annum, and PIK Interest will accrue at the rate of 9.75% per annum.

Prior to October 15, 2014, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying a "make-whole" premium. At any time on or after October 15, 2014, the Issuer may redeem all or part of the Notes by paying a specified redemption price. In addition, prior to October 15, 2014, the Issuer may redeem at its option no more than 40% of the Notes with the net cash proceeds from certain equity offerings. Upon certain events defined as constituting a change of control, the Issuer may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes.

The Notes will be senior obligations of the Issuer. The Notes will be secured by first-ranking security interests over the shares of capital stock of each of Matterhorn Midco & Cy S.C.A. ("Matterhorn Midco") and Matterhorn Midco S.à r.l. ("Matterhorn Midco GP"). See "*Summary—The Offering—Security*."

The Notes will initially be represented by global notes, which will be delivered through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") on or about April 17, 2013 (the "Issue Date").

This offering memorandum includes information on the terms of the Notes, including redemption and repurchase prices, security, covenants and transfer restrictions.

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market. The Notes are offered to a limited number of qualified investors within the meaning of the Luxembourg Law of July 10, 2005 on prospectuses for securities, in all cases under circumstances designed to preclude a distribution which would be other than a private placement. This offering memorandum may be used only for the purpose for which it has been published.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 21.

Price: 100.00% plus accrued interest, if any, from the Issue Date

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the laws of any other jurisdiction. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act ("Rule 144A") and to certain persons in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Notice to Investors*" and "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

Global Coordinator and Bookrunning Manager

Credit Suisse

Bookrunning Managers

Deutsche Bank **UBS Investment Bank**

Joint Bookrunners

Citigroup **J.P. Morgan** **Morgan Stanley**

The date of this offering memorandum is May 14, 2013.

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NOTICE TO INVESTORS

You should rely only on the information contained in this offering memorandum (the "Offering Memorandum"). Neither the Issuer, nor any of Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, UBS Limited, Citigroup Global Markets Limited, J.P. Morgan Securities plc and Morgan Stanley & Co. International plc (together, the "Initial Purchasers") have authorized anyone to provide you with any information or represent anything about the Issuer, the Issuer's financial results or this offering (the "Offering") that is not contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer or any of the Initial Purchasers. Neither the Issuer nor any of the Initial Purchasers are making an offering of any Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as at any date other than the date on the front of this Offering Memorandum.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO U.S. PERSONS UNLESS THE NOTES ARE REGISTERED UNDER THE SECURITIES ACT, OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. SEE "*PLAN OF DISTRIBUTION*" AND "*TRANSFER RESTRICTIONS.*" INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A UNDER THE SECURITIES ACT.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Offering Memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, any of their respective affiliates, or any of the Initial Purchasers. This Offering Memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Offering Memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this Offering Memorandum or that the information contained in this Offering Memorandum is correct as of any time subsequent to that date.

The information contained in this Offering Memorandum has been furnished by the Issuer, Orange Communications SA (the "Company") and other sources we believe to be reliable. This Offering Memorandum contains summaries, believed to be accurate, of some of the terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request, for the complete information contained in those documents. By receiving this Offering Memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision to invest in the Notes. The contents of this Offering Memorandum are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and its affiliates, the terms of the Offering of any of the Notes and the merits and risks involved.

In addition, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market of that exchange and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will also provide a copy of the foregoing information and reports to the Luxembourg Stock Exchange and make this information available in Luxembourg at the office of the Luxembourg Listing Agent. Furthermore, for so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which the Issuer is neither subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from such reporting requirements under Rule 12g3-2(b) of the Exchange Act, as amended, make available to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuer.

Copies of the Indenture may be freely obtained at the specified office of the Luxembourg Listing Agent for as long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market of that exchange. See "*Listing and General Information.*"

This Offering is being made in reliance upon exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC") or any other U.S. federal, state or foreign securities commission or regulatory authority, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense.

The laws of certain jurisdictions may restrict the distribution of this Offering Memorandum and the offer and sale of the Notes. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe any such restrictions. None of the Issuer, the Initial Purchasers or their respective representatives is making any representation to any offeree or any purchaser of the Notes regarding the legality of any investment in the Notes by such offeree or purchaser under applicable investment or similar laws or regulations. For a further description of certain restrictions on the offering and sale of the Notes and the distribution of this Offering Memorandum, see "*Notice to Certain Investors*" and "*Transfer Restrictions*."

To purchase any of the Notes, investors must comply with all applicable laws and regulations in force in any jurisdiction in which investors purchase, offer or sell any Notes or possess or distribute this Offering Memorandum. Investors must also obtain any consent, approval or permission required by such jurisdiction for investors to purchase, offer or sell any of the Notes under the laws and regulations in force in any jurisdiction to which investors are subject. None of the Issuer, its affiliates or the Initial Purchasers will have any responsibility therefor.

No action has been taken by the Initial Purchasers, the Issuer or any other person that would permit an offering of any of the Notes or the circulation or distribution of this Offering Memorandum or any offering material in relation to the Issuer, or its respective affiliates or any of the Notes in any country or jurisdiction where action for that purpose is required.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer has made all reasonable inquiries and confirmed to the best of its knowledge, information and belief that the information contained in this Offering Memorandum with regard to itself and its affiliates and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held, and the Issuer is not aware of any facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect. The Issuer accepts responsibility accordingly.

The information contained under the captions "*Exchange Rate Information*," "*Summary*," "*Industry,*" "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry Overview*" and "*Business*" includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While we accept responsibility for the accurate extraction and summarization of such information and data, we have not independently verified the accuracy of such information and data and we accept no further responsibility in respect thereof. However, as far as the Issuer is aware, no information or data has been omitted which would render reproduced information inaccurate or misleading. The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled "*Book-Entry; Delivery and Form*," is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. The Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, but the Issuer accept no further responsibility in respect of such information.

The Initial Purchasers make no representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers as to the past or the future. The Issuer and its subsidiaries have furnished the information contained in this Offering Memorandum.

An application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange for admission for trading on the Euro MTF market of that exchange, and this Offering Memorandum was submitted to the Luxembourg Stock Exchange in connection with the listing application. This Offering Memorandum constitutes a Prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectus for Securities, as amended.

Investing in the Notes involves risks. See "*Risk Factors*." The price of securities and the income from them can go down as well as up.

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND, IF BEGUN, MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO CERTAIN INVESTORS

European Economic Area

This Offering Memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of the Prospectus Directive, as implemented in member states of the European Economic Area (the "Member States"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer of the Notes within the European Economic Area should only do so in circumstances in which no obligation arises for us, the Issuer or any of the Initial Purchasers to produce a prospectus for such offer. Neither we, nor the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State it has not made and will not make an offer of Notes which are the subject of the Offering contemplated by this Offering Memorandum to the public in that Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

This Offering Memorandum is directed only at persons ("Relevant Persons") who (i) fall within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (ii) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated.

This Offering Memorandum must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Offering Memorandum relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Recipients of this Offering Memorandum are not permitted to transmit it to any other person. The Notes are not being offered to the public in the United Kingdom.

Luxembourg

This Offering does not constitute a public offering of securities within the Grand Duchy of Luxembourg and accordingly this Offering Memorandum should not be construed as a prospectus in accordance with Articles 5 and 30 of the Law of July 10, 2005 on prospectuses for securities.

The Luxembourg financial sector supervisory commission (*Commission de Surveillance du Secteur Financier*) has not reviewed or approved this Offering Memorandum or any other document related to the offering of the Notes and has not recommended or endorsed the purchase of the Notes. Neither this Offering Memorandum nor any other document related to the offering of the Notes may be distributed to the public in Luxembourg. The Notes may not be publicly offered for sale in Luxembourg and no steps may be taken which would constitute or result in a public offering in Luxembourg as defined in the Law of July 10, 2005 on prospectuses for securities. This document is intended for the use of the offeree(s) it is intended for, and may not be reproduced or used for any other purpose.

Listing of any of the Notes on the Luxembourg Stock Exchange does not imply that a public offering of any of the Notes in Luxembourg has been authorized.

Switzerland

This Offering Memorandum, as well as any other material relating to the Notes which are the subject of the offering contemplated by this Offering Memorandum, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes will not be listed on the SIX Swiss Exchange Ltd or any other Swiss stock exchange or regulated trading facility and, therefore, the documents relating to the Notes, including, but not limited to, this Offering Memorandum, do not claim to comply with the disclosure standards of the Swiss Code of Obligations and the listing rules of SIX Swiss Exchange Ltd and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange Ltd or the listing rules of any other Swiss stock exchange or regulated trading facility. The Notes are being offered in Switzerland by way of a private placement (i.e., to a small number of selected investors only), without any public advertisement and only to investors who do not purchase the Notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other material relating to the Notes, is personal and does not constitute an offer to any other person. This Offering Memorandum, as well as any other material relating to the Notes, may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly or indirectly be distributed or made available to other persons without the Issuer's express consent. This Offering Memorandum, as well as any other material relating to the Notes, may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

France

This Offering Memorandum has not been prepared in the context of an offer to the public in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the "AMF") and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third-parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d'investisseurs*) acting for their own account, in each case other than individuals, as defined in and in accordance with Articles L. 411-2 and D. 411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the *Code Monétaire et Financier*. Neither this Offering Memorandum nor any other offering material may be distributed to the public in France or used in connection with any offer to the public in France. No direct or indirect distribution of any Notes so acquired shall be made to the public in France other than in compliance with applicable laws and regulations relating to an offer to the public (and in particular Articles L. 411-1, L. 411-2 and L. 621-8 of the *Code Monétaire et Financier*.

The Netherlands

In the Netherlands, the Notes may be offered free of any restrictions (i) provided that each such Note has a minimum denomination in excess of €100,000 (or the equivalent thereof in non-Euro currency) and (ii) subject to the regulatory notice (*vrijstellingsvermelding*) inserted immediately below, as required by the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*).

Attention! This investment falls outside AFM supervision.
No prospectus required for this activity.

Germany

This Offering is not a public offering in the Federal Republic of Germany. The Notes may be offered and sold in the Federal Republic of Germany only in accordance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz – WpPG*) (the "German Securities Prospectus Act") and any other applicable German law. Consequently, in the Federal Republic of Germany, the Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No.6 of the German Securities Prospectus Act. Any offer, sale, or resale of the Notes in Germany may only be made in accordance with the German Securities Prospectus Act and other applicable laws. The Issuer has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht—BaFin*) or obtain a notification to BaFin from another competent authority of a Member State of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the German Securities Prospectus Act.

Republic of Italy

Each of the Issuer and the Initial Purchasers represents and agrees that the offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") (the "Italian Securities Exchange Commission") pursuant to Italian securities laws and, accordingly, each Initial Purchaser represents and agrees that no Notes may be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other documents relating to the Notes be distributed in the Republic of Italy ("Italy"), except:

(a) to the categories of qualified investors (*investitori qualificati*) set out in paragraphs (i) to (iii) of the Prospectus Directive, as referred to in Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "Financial Services Act"); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 4-ter, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "Regulation No. 11971").

Each Initial Purchaser further represents and agrees that any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007 (as amended from time to time) and Legislative Decree No. 385 of September 1, 1993, as amended; and

(ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

Spain

This Offering has not been registered with the *Comisión Nacional del Mercado de Valores* (the "CNMV") and therefore the Notes may not be offered or sold or distributed in Spain except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*).

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial and Other Data

This Offering Memorandum includes financial and other data for the Group and the Orange Group. Each of Matterhorn Midco, MMH and MM were formed on December 23, 2011 for the purposes of facilitating the Acquisition Transactions and issuing the Existing Senior Unsecured Notes, the Existing Senior Notes and the Existing Senior Secured Notes. The Issuer was formed on September 25, 2012 and has no independent operations of its own. As a result, we have included and primarily discussed in this Offering Memorandum the consolidated historical financial statements of the Group and the Orange Group as described below. Information related to MMH is provided for information purposes only. Prior to the Completion Date, the Group consisted of only MMH and its wholly owned subsidiary, MM. Prior to the Acquisition Transactions, MMH and MM had no material assets or liabilities and did not engage in any activities other than those related to the Acquisition Transactions. Since the Completion Date, MMH together with its direct and indirect subsidiaries, including MM and Orange, constitute the Group.

Unless otherwise indicated, the financial information presented in this Offering Memorandum for the years ended December 31, 2010 and 2011 is the historical consolidated financial information of Orange and its consolidated subsidiaries and not of the Issuer or of MMH. Orange's audited consolidated financial statements as of and for the years ended December 31, 2010 and 2011 included in this Offering Memorandum have been prepared in accordance with IFRS (the "Orange Group audited consolidated financial statements").

On February 29, 2012, MM, a wholly owned subsidiary of MMH, acquired Orange. The Acquisition was accounted for by the Group as a change in basis of accounting. All financial information presented prior to and through the date of Acquisition is that of Orange (as predecessor) and all financial information presented for periods after the Acquisition is that of MMH (as successor) on a consolidated basis. This Offering Memorandum includes audited consolidated financial statements with financial information for MMH for the two-month period from January 1, 2012 to February 29, 2012 (Predecessor) and the ten-month period from March 1, 2012 to December 31, 2012(Successor) (the "Group audited consolidated financial statements"). The Group audited consolidated financial statements are prepared in accordance with IFRS. The predecessor information presented is that of Orange for the period from January 1, 2012 to February 29, 2012 and has been derived from the Group audited consolidated financial statements, and the successor MMH information for the period of March 1, 2012 to December 31, 2012 has been derived from the Group audited consolidated financial statements.

This Offering Memorandum also presents unaudited aggregated financial information that combines the results of operations of Orange and MMH for the year ended December 31, 2012. The aggregated financial information for the year ended December 31, 2012 is calculated by taking the financial information of Orange for the period from January 1, 2012 to February 29, 2012, and adding it to the financial information for MMH for the period from March 1, 2012 to December 31, 2012. The presentation of all the unaudited aggregated information for the year ended December 31, 2012 is not intended to comply with IFRS and does not represent pro forma information. The unaudited aggregated financial results are intended to give an indication of the financial results of the aggregated Orange and MMH results of operations for the year ended December 31, 2012. The unaudited aggregated financial results for these periods are not fully comparable with the other periods.

In addition, this Offering Memorandum includes unaudited consolidated pro forma financial data and as adjusted unaudited consolidated financial data, which have been adjusted to reflect certain effects of the Acquisition Transactions and the Transactions on the cash interest expense of the Group for the year ended December 31, 2012 and the effects of the Transactions on the financial position of the Group as of December 31, 2012.

The financial data presented herein are presented in Swiss francs.

Pursuant to the reporting covenant in the Indenture as described under "*Description of the Notes—Certain Covenants—Reports,*" the financial statements to be produced with respect to the Notes at each reporting date will be for the Group, consisting of MMH and its subsidiaries on a consolidated basis.

Non-IFRS and Other Financial Measures

This Offering Memorandum contains certain non-IFRS measures, including EBITDA, Adjusted EBITDA, EBITDA less capital expenditures, Adjusted EBITDA at constant MTR and leverage and coverage ratios that are not required by, or presented in accordance with, IFRS. These non-IFRS measures are defined as follows:

- "*EBITDA*" refers to net income/(loss) adjusted to remove income tax, financial income, financial expenses, depreciation, amortization and impairment charges. Our reported EBITDA differs from the traditional definition of EBITDA in that the traditional definition of EBITDA does not exclude impairment charges. EBITDA excludes certain tax payments that may represent a reduction in cash available to the Company or the Group, as applicable, and does not reflect any cash capital expenditure requirements for the assets being depreciated and amortized that may have to be replaced in the future, any changes in, or cash requirements for, the working capital needs of the Company or the Group, as applicable, or the significant interest expense, or the cash requirements necessary to service interest payments on its debts.

- "*Adjusted EBITDA*" refers to EBITDA, after excluding the impacts of corporate and brand fees, restructuring and transaction costs, and the result on disposal and other (gains) / losses non-recurring items.
- "*EBITDA less capital expenditures*" refers to EBITDA less capital expenditures. Capital expenditures are defined as cash paid during the period for intangibles assets and property, plant and equipment.
- "*Adjusted EBITDA at constant MTR*" refers to the Adjusted EBITDA calculated assuming that MTRs for the applicable period would have been the same as the MTRs applicable from January 1, 2011 onwards.

We present non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our operating results as reported under IFRS. Non-IFRS measures and ratios such as EBITDA, Adjusted EBITDA, EBITDA less capital expenditures, Adjusted EBITDA at constant MTR and leverage and coverage ratios are not measurements of our performance or liquidity under IFRS or any other generally accepted accounting principles. Other companies in our industry may calculate these measures differently and, consequently, our presentation may not be readily comparable to other companies' figures. In particular, you should not consider EBITDA or Adjusted EBITDA as an alternative to (a) operating income or income for the period (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating, investing and financing activities as a measure of our ability to meet our cash needs or (c) any other measures of performance under generally accepted accounting principles. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for an analysis of our results as reported under IFRS.

Other Data

Certain numerical figures set out in this Offering Memorandum, including financial data presented in millions or thousands, certain operating data, percentages describing market shares and penetration rates, have been subject to rounding adjustments and, as a result, the totals of the data in this Offering Memorandum may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in the consolidated financial statements of the Company and the Group or the tabular presentation of other data (subject to rounding) contained in this Offering Memorandum, as applicable, and not using the numerical data in the narrative description thereof.

Market, Economic and Subscriber Data; Market Share Data

General

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from internal surveys, market research, governmental and other publicly available information, independent industry publications and reports prepared by industry consultants. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness.

In addition, in many cases, we have made statements in this Offering Memorandum regarding the economy, the mobile telecommunications industry, the Company's position in the industry, the Company's market share and the market shares of various industry participants based on our internal estimates, our experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors.

We cannot assure you that any of the assumptions underlying these statements are accurate or correctly reflect the Company's position in the industry and none of our internal surveys or information have been verified by any independent third parties. None of the Issuer, the Company or the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of this information. All the information set forth in this Offering Memorandum relating to the operations, financial results and subscriber base of Swisscom Switzerland Ltd. (“Swisscom”), Sunrise Communications AG (“Sunrise”) and other competitor companies has been obtained from information made available to the public in such companies’ publicly available reports, and independent research. None of the Issuer, the Company and the Initial Purchasers have independently verified this information or can guarantee its accuracy.

The subscriber data included in this Offering Memorandum, including penetration rates, average revenues per user (“ARPU”), subscriber numbers, our market share and churn rates are derived from management estimates, are not part of our financial statements or financial accounting records and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of the terms ARPU or churn may not be comparable to the use or computation of similarly titled measures reported by other companies in the telecommunications industry. ARPU is a non-IFRS measure and should not be considered in isolation or as an alternative measure of our performance under IFRS. We believe that ARPU provides useful information concerning the appeal and usage patterns of our tariff plans and service offerings and our performance in attracting and retaining high-value subscribers of mobile voice, data and broadband services.

In the analysis of our results of operations set out below, we provide certain financial data on a restated basis to exclude the impact of changes in MTRs during the periods under review by using constant MTRs, which are calculated assuming that MTRs for the applicable period would have been the same as the MTRs applicable from January 1, 2011 onwards.

Subscribers

Postpaid mobile subscribers are counted in our subscriber base as long as they have an active contract. The calculation includes subscribers through wholesale resellers, but excludes subscribers through mobile virtual network operators (“MVNOs”) as MVNOs own their subscriber bases. Until the third quarter of 2012, we counted prepaid mobile subscribers in our subscriber base if their SIM card is connected to our network and they have had at least one chargeable outgoing traffic event (that is, voice, SMS, MMS or data) or have received four or more incoming traffic chargeable events (excluding, among other things, traffic initiated by us) within the last three months. We continue to report the size of our subscriber base in accordance with this definition, which preserves comparability to prior periods. Some data providers, including TeleGeography, use our subscribers reported under this definition as a basis for calculating mobile industry statistics for Switzerland.

In the fourth quarter of 2012, we began to report a second set of mobile subscriber base figures under a new definition more closely aligned with the reporting of Swisscom. Whereas the way postpaid subscribers are counted is unchanged, prepaid subscribers are included if their SIM card is connected to our network and they have had at least one event (that is, any outgoing traffic, any incoming traffic or any credit recharge) within the last twelve months. This new definition facilitates comparison of our operational metrics to those of Swisscom. However, we are unable to provide historical subscriber figures under the new definition. In accordance with this new definition, our prepaid mobile subscriber base as of December 31, 2012 increased by approximately 450,000 subscribers as compared to our subscriber base calculated in accordance with the older definition. We have reported our percentage of the Swiss mobile subscribers market as of December 31, 2012 under both definitions in this Offering Memorandum. We intend to continue reporting under both sets of mobile subscriber base figures for the near term.

Generally, each connection counts as one subscriber; however, this may vary depending on the circumstances and subscriber numbers should not be equated with the actual number of individuals or businesses using our services.

Market Share

We have included in this Offering Memorandum data showing our estimated share of the Swiss mobile telecommunications market based on revenues for the years ended December 31, 2010, 2011 and 2012. For the purposes of the determination of our revenues market share we have compared the total amount of the Company’s revenues resulting from mobile activities to estimated revenues derived from similar activities at Swisscom and Sunrise calculated using relevant line items in the published consolidated financial statements and other published financial data of each of Swisscom and Sunrise. Our revenues from mobile activities consist of the sum of the amounts shown under the captions “Network,” “Equipment” and “Other mobile services” in the tables contained in note 3.1 of the notes to the Orange audited consolidated financial statements for the years ended December 31, 2010 and 2011 and note 4.1 of the notes to the Group audited consolidated financial statements for the year ended December 31, 2012. We estimate Sunrise’s mobile revenues using amounts under the caption “Mobile services” in Sunrise’s published consolidated financial statements for the years ended December 31, 2010, 2011 and 2012. We estimate Swisscom’s mobile revenues using data on wireless customers, wireless ARPU, hardware sales and inbound roaming published in the "Facts & Figures" that accompany Swisscom's results published for the years ended December 31, 2010, 2011 and 2012. From and including the third quarter of 2012, we adjusted our calculation method in order to include an estimate of the portion of Swisscom's revenues from bundled products (that is, packages that include fixed-line services) attributable to mobile services. We believe that this method provides a more accurate reflection of Swisscom's mobile revenues, and have used this method to present all revenues market share data in this Offering Memorandum. Under this adjusted method, our and Sunrise's mobile revenues market share would have been up to approximately 0.5% lower in each quarter of 2011 and in each of the first two quarters of 2012 relative to estimates of our and Sunrise's mobile revenue market share that we have published prior to the third quarter of 2012. None of the Issuer, its subsidiaries or the Initial Purchasers has independently verified the amounts published by Swisscom and Sunrise and cannot guarantee their accuracy. None of the Issuer, its subsidiaries or the Initial Purchasers has been able to independently verify that the composition of Swisscom's and Sunrise's relevant line items and the accounting policies on which they are based are in all respects identical to our mobile revenues other than as stated above. Consequently, our calculation of "Mobile subscriber revenues" may not be readily comparable to their figures and the ensuing determination of our revenues market share may not be comparable to that of Swisscom and Sunrise. As a result, revenues market share data based on such comparison included in this Offering Memorandum may not accurately reflect our competitive position and the competitive positions of other operators.

We have also included in this Offering Memorandum data showing our estimated share of the Swiss mobile market by number of subscribers. This data is provided by TeleGeography, which are derived from mobile subscriber figures published by Swisscom, Orange and Sunrise. The definition of a subscriber may vary between operators. A definition that is more restrictive in its determination of when a subscriber is deemed to cease being so may result in a reduction of the number reported for total subscribers, and therefore a lower market share based on numbers of total reported subscribers. As a result, market share data based on numbers of total reported subscribers and any related comparisons of us to other operators included in this Offering Memorandum may not accurately reflect our competitive position and the competitive positions of such other operators. Additional information set forth in this Offering Memorandum relating to the subscriber base of MVNOs is based on our internal estimates. In the fourth quarter of 2012, we began to report a second set of mobile subscriber base figures under a new definition more closely aligned with the reporting of Swisscom. See "*—Market, Economic and Subscriber Data; Market Share Data— Subscribers*."

Market share data for the Principality of Liechtenstein included in this Offering Memorandum is based on market research, information from regulators and internal data.

All market share data exclude In&Phone SA (a smaller MNO that entered into administration in 2012 and that focused on a specific market segment in Switzerland) and MVNOs.

Churn

"Churn" refers to the percentage of subscriber disconnections. We deem mobile subscribers to have churned when their mobile service with us is disconnected (whether resulting from a subscriber decision or our decision).

We calculate the churn rate by dividing the number of disconnections of subscribers during a period by the average number of subscribers during the same period. The average number of subscribers does not include postpaid subscribers without an active contract and prepaid subscribers whose SIM card is connected to the network, but that have not had any chargeable outgoing traffic events (that is, voice, SMS, MMS or data) or that have received less than four incoming traffic chargeable events (excluding traffic initiated by us) within the last three months. This would differ from the churn rate calculated based on the new definition of our mobile prepaid subscriber base that we introduced in the fourth quarter of 2012 to facilitate comparability to Swisscom.

Churn activity affects various key performance indicators, including total subscribers and ARPU levels. The definition of churn may vary between operators. A churn policy that is more expansive in its determination of when a subscriber is deemed to have churned may result in a reduction of the number reported for total subscribers, an increase in churn rate and potentially higher ARPU. As a result, such data and any related comparisons of us to other operators included in this Offering Memorandum may not accurately reflect our competitive position and the competitive positions of such other operators.

Mobile Penetration Rates

"Mobile penetration" refers to the measurement, usually as a percentage, of the take-up of mobile telecommunications services. As of any date, mobile penetration is calculated by dividing the number of subscribers by the number of inhabitants to which the service is available. In this Offering Memorandum, mobile penetration rates presented as of each period-end are sourced from TeleGeography.

EXCHANGE RATE INFORMATION

The consolidated financial statements of the Group and the Company are presented in Swiss francs (CHF). The exchange rate for CHF against euro on April 5, 2013 was CHF 1.21 per €1.00. We have set forth in the table below, for the periods and dates indicated, the high, low, average and period end exchange rates as published by Bloomberg, for cable transfers of euro expressed as CHF per €1.00.

	CHF per €1.00			
	High	**Low**	**Average(1)**	**Period End**
Year				
2008	1.65	1.44	1.59	1.49
2009	1.54	1.46	1.51	1.48
2010	1.48	1.24	1.38	1.25
2011	1.32	1.03	1.23	1.22
2012	1.22	1.20	1.21	1.21
Month				
October 2012	1.21	1.20	1.20	1.20
November 2012	1.20	1.20	1.20	1.20
December 2012	1.21	1.20	1.20	1.20
January 2013	1.24	1.20	1.20	1.23
February 2013	1.24	1.22	1.23	1.22
March 2013	1.24	1.22	1.23	1.22
April 2013 (through April 5, 2013)	1.22	1.21	1.22	1.21

(1) The average of the exchange rates on the last business day of each month for the relevant annual period and on each business day for any other period.

DEFINED TERMS

In this Offering Memorandum, the following words and expressions have the following meanings, unless the context otherwise requires or unless otherwise so defined. In particular, capitalized terms set forth and used in the sections entitled "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes*" may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum. We specifically draw your attention to "*Description of Certain Financing Arrangements—Intercreditor Agreement—General*". Certain other terms are explained in the section headed "*Glossary of Technical Terms*."

- "*Acquisition*" means MM's acquisition of all the issued and outstanding capital stock of Orange on February 29, 2012, pursuant to the Acquisition Agreement.
- "*Acquisition Agreement*" means the share purchase agreement, dated as of December 23, 2011, by and among MM, the Seller and France Telecom, as amended.
- "*Acquisition Transactions*" means the Acquisition and the related financing transactions, including the issuance of the Existing Senior Secured Notes and the Existing Senior Notes and the equity contribution made by Apax.
- "*Agreed Security Principles*" means the Agreed Security Principles as set out in an annex to the Revolving Credit Facility Agreement as in effect on September 11, 2012.
- "*Apax*" refers to one or more funds or limited partnerships advised by Apax Partners LLP or any of its affiliates or direct or indirect subsidiaries from time to time.
- "*Atlas Services Belgium*" or "*Seller*" refers to Atlas Services Belgium, an indirect wholly-owned subsidiary of France Telecom.
- "*Cash Interest*" is the interest in cash to be paid on the Notes unless the conditions in the Offering Memorandum are satisfied to pay PIK Interest and the Issuer elects to pay PIK Interest.
- "*Company*" refers to Orange Communications SA, a Swiss stock corporation (*société anonyme*) pursuant to arts. 620 et seq. of the Swiss Code of Obligations, except as indicated otherwise or unless the context otherwise requires.
- "*Completion Date*" refers to February 29, 2012, the date on which the Acquisition was consummated.
- "*Exchange Act*" refers to the U.S. Securities Exchange Act of 1934, as amended.
- "*Existing CHF Floating Rate Senior Secured Notes Indenture*" refers to the indenture dated September 11, 2012, governing the Existing CHF Senior Secured Notes by and among, *inter alios*, MM, as the Issuer and Deutsche Bank AG, London Branch, as trustee.
- "*Existing Euro Floating Rate Senior Secured Notes*" collectively refers to the €150 million aggregate principal amount of the floating rate senior secured notes due 2019 issued by MM on February 10, 2012 and the €180 million aggregate principal amount of the floating rate senior secured notes due 2019 issued by MM on February 16, 2012.
- "*Existing Fixed Rate Senior Secured Notes*" refers to the CHF 450 million aggregate principal amount of 6.75% fixed rate senior secured notes due 2019 issued by MM on February 10, 2012.
- "*Existing Indentures*" collectively refers to the Existing Senior Unsecured Notes Indenture, the Existing Senior Notes Indenture and the Existing Senior Secured Notes Indentures.
- "*Existing Notes*" collectively refers to the Existing Senior Unsecured Notes, the Existing Senior Notes and the Existing Senior Secured Notes.
- "*Existing Senior Notes*" refers to the €225 million aggregate principal amount of 8.25% senior notes due 2020 issued by MMH on February 10, 2012.
- "*Existing Senior Notes Indenture*" refers to the indenture dated February 10, 2012, governing the Existing Senior Notes by and among, *inter alios*, MMH, as the issuer and Deutsche Trustee Company Limited, as trustee, as supplemented by the supplemental indentures dated March 29, 2012.
- "*Existing Senior Secured Notes*" collectively refers to the Existing Euro Floating Rate Senior Secured Notes, the Existing Fixed Rate Senior Secured Notes and the Existing CHF Floating Rate Senior Secured Notes.

- "*Existing Senior Secured Notes Indentures*" collectively refer to the indenture dated February 10, 2012, governing the Existing Senior Secured Notes by and among, *inter alios*, MM and Deutsche Trustee Company Limited, as trustee, as supplemented by the supplemental indentures dated March 29, 2012 and the Existing CHF Floating Rate Senior Secured Notes Indenture.
- "*Existing Senior Unsecured Notes*" refers to the €155,000,000 aggregate principal amount of 7.75% senior unsecured notes due 2020 issued by Matterhorn Midco on October 1, 2012.
- "*Existing Senior Unsecured Notes Indenture*" refers to the indenture dated October 1, 2012, governing the Existing Senior Unsecured Notes by and among, *inter alios*, Matterhorn Midco and Deutsche Bank AG, London Branch, as trustee.
- "*France Telecom*" and "*FT*" refers to France Telecom S.A., a *société anonyme* incorporated under the laws of France.
- "*FT Group*" refers to France Telecom and its subsidiaries.
- "*Group*" refers to MMH and its subsidiaries.
- "*Indenture*" refers to the indenture governing the Notes among, *inter alios*, the Issuer and the Trustee, to be dated the Issue Date.
- "*Intercreditor Agreement*" refers to the agreement dated January 30, 2012, as amended on February 3, 2012, and as amended and restated on September 11, 2012, and as further amended from time to time by and among, *inter alios*, the trustees for the Existing Notes, the agent under the Revolving Credit Facility and the Security Agent.
- "*Issuer*" refers to Matterhorn Financing & Cy S.C.A., a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg.
- "*Matterhorn Midco*" refers to Matterhorn Midco & Cy S.C.A., a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg and originally set up as a limited liability company.
- "*Matterhorn Midco GP*" refers to Matterhorn Midco S.à r.l., a *société à responsabilité limitée* organized under the laws of the Grand Duchy of Luxembourg.
- "*Matterhorn Topco*" refers to Matterhorn Topco & Cy S.C.A., a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg.
- "*MM*" refers to Matterhorn Mobile S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg.
- "*MMH*" refers to Matterhorn Mobile Holding S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg.
- "*MM Profit Participating Loan*" refers to the consolidated profit participating loan made by MM to Orange described under "*Description of Certain Financing Arrangements—Profit Participating Loans*."
- "*MMH Profit Participating Loan*" refers to the profit participating loan made by MMH to MM described under "*Description of Certain Financing Arrangements—Profit Participating Loans*."
- "*Offering*" refers to the offering of the Notes pursuant to this Offering Memorandum.
- "*Orange*" or the "*Company*" means Orange Communications SA, a Swiss stock corporation (*société anonyme*) pursuant to arts. 620 et seq. of the Swiss Code of Obligations.
- "*Orange Group*" refers to Orange Communications SA together with its subsidiaries.
- "*Orange Network*" refers to Orange Network SA, a Swiss stock corporation (*société anonyme*) pursuant to arts. 620 et seq. of the Swiss Code of Obligations.
- "*PIK Interest*" means interest that the Issuer pays on the Notes when the conditions in the Offering Memorandum are satisfied, by increasing the principal amount of the Notes or by issuing Notes in a principal amount equal to such interest.
- "*Profit Participating Loans*" collectively refers to the MMH Profit Participating Loan and MM Profit Participating Loan.
- "*Revolving Credit Facility*" refers to the CHF 100 million super senior multi-currency revolving credit facility entered into by MM, MMH and certain of their subsidiaries on September 11, 2012, with, among others, UBS AG, London Branch, as facility agent and security agent, and Citigroup Global Markets Limited, Credit Suisse International, Deutsche Bank AG, London Branch, J.P. Morgan Limited, Morgan

Stanley Bank International Limited and UBS Limited, as arrangers, as described under "*Description of Certain Financing Arrangements—Revolving Credit Facility.*"

- "*SEC*" refers to the U.S. Securities and Exchange Commission.
- "*Security Documents*" has the meaning ascribed to it under "*Description of the Notes*."
- "*Security Trustee*" refers to Deutsche Bank AG, London Branch.
- "*Transactions*" has the meaning ascribed to it under "*Summary—The Transactions*."
- *"Transitional Agreement"* refers to the transitional agreement entered into by MM and the Company with FT on December 23, 2011, identifying, among the products and services provided by the FT Group or by third parties under agreements with FT Group or FT-related procurement entities to the Group prior to the Completion Date, which are to be maintained, modified or terminated after the Completion Date, and setting forth the conditions under which certain products and services of FT and third-party providers may continue to be provided after the Completion Date.
- "*Trustee*" refers to Deutsche Bank AG, London Branch, as trustee under the Indenture.
- "*we*," "*us*" and "*our*" refer to the Issuer and its subsidiaries and associates, except as indicated otherwise or unless the context otherwise requires.

In addition to the terms defined above, this Offering Memorandum also contains a glossary of certain technical terms relating to the telecommunications industry and Orange's business. See "*Glossary of Technical Terms*."

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

The following cautionary statements identify important factors that could cause our actual results to differ materially from those projected in the forward-looking statements made in this Offering Memorandum. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "will likely result," "are expected to," "will continue," "believe," "anticipated," "estimated," "intends," "expects," "plans," "seek," "projection" and "outlook." These statements involve estimates, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this Offering Memorandum. Important risks, uncertainties and other factors that could cause such differences between the actual results from those expressed in forward-looking statements include, but are not limited to:

- high levels of competition in the market;
- changes in economic conditions in Switzerland and Liechtenstein and their impact on consumer spending;
- decreases in MTRs;
- our ability to respond to rapid technological changes and corresponding changes in consumer preferences on a timely basis;
- changes in the regulatory framework in which we operate, including regulatory developments with respect to MTRs and other tariffs, as well as other changes in national, cantonal and local laws, regulations and taxes;
- our ability to successfully implement our strategy;
- our ability to continually upgrade our network, protect our equipment and network systems and avoid service disruptions or equipment and network systems failures;
- our ability to attract new mobile subscribers and retain existing mobile subscribers;
- our dependence on third-party telecommunications providers for provision of certain of our services;
- risks relating to lease of certain parts of our network from third parties;
- our dependence on wholesale reseller and MVNO partners;
- our dependence on third parties to distribute our products and ability to maintain and further develop our direct and indirect distribution and customer care channels;
- disruptions in the supply of our equipment and services and services from key sourcing partners and/or a significant change in the purchasing conditions;
- our ability to attract and retain key personnel;
- our ability to maintain our licenses and permits for the key technologies underlying our service offerings, obtain new licenses and permits, and other licenses and permits;
- the capital-intensive nature of our business and its dependence on continuously maintaining and upgrading our network;
- equipment and network systems failures;
- the status and outcome of pending litigations, legal or regulatory actions, and the impact of any new litigation, legal or regulatory actions the Group may become party to;
- the impact of decreased mobile network usage, litigation or stricter regulation arising from actual or perceived health risks or other problems;
- our pension liability;
- our ability to maintain and enforce our intellectual property rights;
- costs in connection with the loss of the Orange brand;
- the substantial leverage and debt service obligations of the Issuer and the Group;
- the effects of our restrictive debt covenants on our ability to finance our future operations and capital needs and to pursue business opportunities and activities;

- our ability to raise additional financing;
- changes in interest rates;
- exchange rate fluctuations;
- risks associated with the Offering;
- risks associated with our structure;
- risks associated with our shareholders;
- factors that are not known to us at this time; and
- other factors discussed or referred to in this Offering Memorandum.

These and other factors are discussed in "*Risk Factors*" in this Offering Memorandum.

The risk factors referred to in this Offering Memorandum could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made in this Offering Memorandum by us or on our behalf and you should not place undue reliance on any of these forward-looking statements. Furthermore, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors will emerge in the future, and it is not possible for us to predict such factors. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements.

CURRENCY PRESENTATION

In this Offering Memorandum, all references to "CHF" are to Swiss francs, the lawful currency of Switzerland; all references to "euro," "EUR" and "€" are to the single currency of the participating member states of the European Union participating in the third stage of economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended or supplemented from time to time; and all references to "U.S. dollars," "USD" and "$" are to the lawful currency of the United States of America.

ENFORCEABILITY OF JUDGMENTS

The Issuer is formed under the laws of Luxembourg. All of the directors, officers and other executives of the Issuer are neither residents nor citizens of the United States. Furthermore, almost all of the assets of the Issuer, and its directors, officers and other executives are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or any such other person or to enforce against either of them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, the Issuer has appointed, or will appoint, an agent for the service of process in New York.

If a judgment is obtained in a U.S. court against the Issuer, investors will need to enforce such judgment in jurisdictions where the company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the country in which the Issuer is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in that country or elsewhere outside the United States.

Luxembourg

The Issuer has been advised by our Luxembourg counsel that the United States and Luxembourg are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. According to such counsel, a valid and enforceable judgment for the payment of monies rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon the U.S. securities laws, would not directly be enforceable in Luxembourg. However, a party who received such favorable judgment in a U.S. court may initiate enforcement proceedings in Luxembourg (*exequatur*) by requesting enforcement of the U.S. judgment by the District Court (*Tribunal d'Arrondissement*) pursuant to Section 678 of the New Luxembourg Code of Civil Procedure. The District Court will authorize the enforcement in Luxembourg of the U.S. judgment if it is satisfied that all of the following conditions are met:

- the U.S. judgment is enforceable (*exécutoire*) in the United States;

- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under applicable U.S. federal or state jurisdictions rules, and the jurisdiction of the U.S. court is recognized by Luxembourg private international and local law;
- the U.S. court has applied to the dispute the substantive law which would have been applied by Luxembourg courts under the applicable conflict of law rules;
- the U.S. judgment does not contravene international public policy or order as understood under the laws of Luxembourg or has been given in proceedings of a criminal nature and tax nature;
- the U.S. court has acted in accordance with its own procedural laws;
- the U.S. judgment was granted following proceedings where the counterparty had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, to present a defense; and
- the U.S. judgment was not granted pursuant to an evasion of Luxembourg law (*fraude à la loi luxembourgeoise*).

Subject to the above conditions, Luxembourg courts tend not to review the merits of a foreign judgment, although there is no statutory prohibition for such review. If an original action is brought in Luxembourg, Luxembourg courts may refuse to enforce any choice of law provisions if the application of such law would contravene, or is manifestly incompatible with, Luxembourg public policy.

Further, in the event of any proceedings being brought in a Luxembourg court in respect of a monetary obligation expressed to be payable in a currency other than euro, a Luxembourg court would have power to give judgment expressed as an order to pay a currency other than euro. However, enforcement of the judgment against any party in Luxembourg would be available only in euro and for such purposes all claims or debts would be converted into euro.

Even if a U.S. judgment is recognized in Luxembourg, it does not necessarily mean that it will be enforced in all circumstances. The obligations need to be of a specific kind and type for which an enforcement procedure exists under Luxembourg law. Also, if circumstances have arisen after the date at which such foreign judgment became legally effective and final, a defense against execution may arise. Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation, moratorium as well as other similar laws affecting creditor’s rights generally. Moreover, a Luxembourg court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. In addition, it is doubtful whether a Luxembourg court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

SUMMARY

The following summary may not contain all the information that may be important to you. Before making an investment decision, you should read this entire Offering Memorandum, including the "Risk Factors" section and the consolidated financial information, together with the related notes, included in this Offering Memorandum.

For the purpose of this "Summary" section, we present financial information for the year ended December 31, 2012, which represents the combination of the financial information of Orange (as Predecessor) and MMH (as Successor). Financial information for the year ended December 31, 2012 is calculated by taking the financial information of Orange for the period from January 1, 2012 to February 29, 2012, and adding it to the financial information of MMH for the period from March 1, 2012 to December 31, 2012. The presentation of financial information for the year ended December 31, 2012 is not intended to comply with IFRS and does not represent pro forma information. The financial information for the year ended December 31, 2012 is intended to give an indication of the financial results of the aggregated Orange and MMH results of operations for the year ended December 31, 2012. The financial information for the year ended December 31, 2012 for these periods are not fully comparable with the other periods.

Except as the context otherwise indicates, when discussing historical financial information in this "Summary," the "Company," "we," "our" and other similar terms are used to refer to the business of Orange and its subsidiaries for the years ended December 31, 2010 and 2011 and are used to refer to the business of MMH and its subsidiaries for the year ended December 31, 2012.

Overview

We are one of the three nationwide mobile network operators in Switzerland. We operate in attractive economic, competitive and regulatory environments and own an extensive, high-quality mobile telecommunications network infrastructure, which, together with our higher-value, predominantly postpaid subscriber base, attractive market positioning and renewed product portfolio, gives us an attractive value position. In addition to Switzerland, we also operate in the Principality of Liechtenstein, where we are one of the two largest mobile network operators by number of subscribers.

We offer mobile voice, non-voice and mobile broadband products and services to residential and business customers. With our mobile telecommunications offerings, both postpaid and prepaid, we aim to offer our own branded products and services that are simple to use, flexible and easy to understand, and to offer value for money by enabling customers to customize their price plan. We also market mobile telecommunications services through wholesale resellers and to MVNOs with their respective brands on our mobile network to target different customer segments. We further offer fixed-voice, broadband internet products and services on the basis of a wholesale reseller agreement. Finally, we offer other products and services, such as, among others, a portfolio of customer care services (Orange Care).

For the year ended December 31, 2012 our mobile telecommunications offerings generated 95.8% of our total revenues (split between network revenues (86.4%) and equipment revenues (9.4%)), with the remainder comprised of fixed line revenues (0.5%) and other mobile services revenues (3.7%).

In the past, we have focused primarily on the postpaid customer segment, which represented 85.8% and 88.6% of our network revenues for the year ended December 31, 2011 and 2012, respectively. Within that segment our principal focus has been higher-value residential customers, as well as small office and home office ("SoHo") and small and medium enterprise ("SME") business customers. Since the beginning of 2010, we have expanded our product offering to target a broader range of customers. In August 2010, we launched "Orange Me", a new postpaid offering for residential customers, SoHos and SMEs. In 2011, we reinforced the postpaid portfolio to target additional postpaid customer segments, in particular young customers through our Orange Young offerings, and we renewed our prepaid offering with the launch of Orange Me PrePay in October 2011. In November 2012, we lowered the prices on some selected high-end tariffs. In January 2013, we relaunched our Orange Young offerings, available to customers under 27, which include deals offering not only unlimited calls, unlimited texts and internet access, but also offering our Orange Young customers the chance to enjoy unlimited music with the music streaming service Spotify.

We provide mobile services through our own mobile 2G and 3G telecommunications access network throughout Switzerland and Liechtenstein. In addition to our mobile telecommunications access network, we have a transmission network that includes a mobile backhaul network, a national transmission backbone network (core transport network) and an IT/corporate data network comprised of owned and leased equipment. We do not operate our own dedicated landline network infrastructure to provide fixed-voice and broadband internet products and services, but provide such products and services on the basis of a reseller agreement with VTX Services AG ("VTX Services").

We have historically marketed our products and services through the *Orange* brand. On December 23, 2011, in connection with the entry into the Acquisition Agreement, we entered into a brand license agreement with Orange Brand Services Limited (a member of the FT Group) that became effective on the Completion Date. Under the terms of the agreement, we have a license to use the *Orange* brand for a period of three years, which, subject to certain conditions being satisfied, will renew automatically for an additional two-year period. We currently intend to continue to use the *Orange* brand and to carry out a rebranding process in 2014 or later. However, as our rights under the brand license may continue for up to five years, we may decide to change the timing or scope of our rebranding plans in the future.

We distribute our products and services in Switzerland both directly through a network of approximately 89 of our own shops, or Orange centers, the Internet and further direct marketing channels, as well as indirectly through partners' point-of-sales and a network of non-exclusive distributors. We expect to further develop our direct distribution network by increasing its efficiency and opening 18 additional Orange centers during 2013, as well as expanding telesales operations. Resellers and MVNOs on our network generally distribute mobile telecommunications services through their own distribution networks and channels.

For the year ended December 31, 2011, the Orange Group generated total revenues of CHF 1,248.8 million, EBITDA of CHF 310.4 million and Adjusted EBITDA of CHF 342.5 million. For the year ended December 31, 2012, the Group generated total revenues on an aggregated basis of CHF 1,321.6 million, EBITDA of CHF 295.2 million (including CHF 38.7 million of transaction costs related to the Acquisition) and Adjusted EBITDA of CHF 365.3 million.

Our Strengths

We believe that the following strengths will allow us to execute our strategy.

Supportive Economic, Competitive and Regulatory Environment

We generate almost all of our revenues and net income from Switzerland, one of the wealthiest countries in the world in terms of GDP per capita. Switzerland's "AAA" rating from the three main rating agencies reflects its high average income generated by a highly developed economy, a robust and transparent institutional framework, a stable consensus-based political system and fiscal discipline. According to the IMF (World Economic Outlook, October 2012), Switzerland had an estimated GDP per capita (at purchasing power parity exchange rates) of $45,286 for 2012, which was higher than the estimated average for the euro area of $34,104 for the same period. Switzerland also has one of the lowest unemployment levels in Europe, with the IMF estimating a 2012 unemployment rate of 3.4%, compared to the euro area average of 11.2%. Switzerland's institutional strength is illustrated by its scoring in the 98th percentile of the World Bank's indicator of "Government Effectiveness" and in the 95th percentile regarding "Rule of Law" in 2011, its longstanding political stability and its well established culture of consensual decision-making. Switzerland enjoys a comfortable net international investment position (146% of GDP at the end of 2011 according to a December 2012 report by the Swiss National Bank) and low public debt (estimated at 35.3% of GDP in 2012 according to the Swiss Federal Finance Administration with reference to the Maastricht definition). Underpinned by such solid fundamentals, according to Eurostat, the Swiss economy grew by 3.0% in 2010, 1.9% in 2011 and 1.0% in 2012. In comparison, the euro area experienced a growth of 2.0% in 2010 and 1.4% in 2011 and a decline of 0.6% in 2012.

The stability of the competitive environment in the Swiss mobile telecommunications market is supported by the presence of the market leading incumbent, Swisscom, with two other operators, Orange and Sunrise, holding substantial market shares. Since Orange entered the market in 1999, no new entrant has built out a nationwide network in Switzerland and the respective market shares of each of the three MNOs have remained relatively stable in the last five years. The fact that Swisscom is still majority state-owned is an additional factor of stability in the market. According to TeleGeography, Swisscom's share of the Swiss mobile market by number of subscribers was 63.0% at the end of 2005 and 62.0% at the end of December 2012, Sunrise's market share was 18.6% at the end of 2005 and 21.4% end of December 2012, and our market share was 18.3% at the end of 2005 and 16.6% end of December 2012. Under the new definition of our mobile subscriber base that we introduced in the fourth quarter of 2012 to facilitate comparability to Swisscom, at the end of December 2012, Swisscom's share of the Swiss mobile market by number of subscribers was 59.3%, Sunrise's market share was 20.4% and our market share was 20.3%. Our estimates show that market shares by revenues of the three nationwide MNOs in Switzerland also remained relatively stable between December 31, 2010 and December 31, 2012. Swisscom's share of the Swiss mobile subscriber market by revenues was 58.9% for the year ended December 31, 2012, Sunrise's market share was 20.5% for the year ended December 31, 2012, and our market share was 20.6% for the year ended December 31, 2012. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share*."

The regulatory environment in Switzerland in recent years has also contributed to market stability, with the Swiss regulatory authorities promoting industry self-regulation by agreement among operators rather than direct regulatory intervention. For example, MTRs, which mobile operators charge for calls terminating on their respective networks, are determined through a bilateral agreement setting out MTRs between operators, rather than ex ante by a regulatory authority, as is the case in the European Union. While MTRs in Switzerland have followed, and are expected to continue to follow, the decline in MTRs applicable in the EU countries, such decline has generally in the past followed a slower pace. See "*Regulation*."

Resilient and Growing Market

The Swiss mobile telecommunications market has been relatively resilient to economic downturn in the past years. According to TeleGeography, the number of mobile telecommunications subscribers in Switzerland has grown by 3.7% between 2009 and 2010, by 3.9% between 2010 and 2011 and by 2.5% between 2011 and 2012. The number of mobile phone connections in Switzerland reached 10.0 million as of December 31, 2012. The resilient growth of the Swiss mobile telecommunications market in recent years has been supported by a number of factors. The Swiss mobile telecommunications market is primarily a postpaid market (with an estimated 62.5% of mobile subscribers being postpaid subscribers as of December 31, 2012), which contributes to market stability. Further, penetration rates in Switzerland are still lower than in neighboring markets. According to TeleGeography, the mobile penetration rate in Switzerland at the end of December 2012 was 128.0%, which is below the Western European average of 133.1% (based on France, Germany, Italy, Spain, Portugal, the United Kingdom, Austria, Ireland, Belgium, the Netherlands and Luxembourg). According to Gartner (in Forecast: Mobile Services, Worldwide, 2011-2017, 1Q13 Update, G00247614), the number of mobile subscribers in Switzerland is expected to reach 11.3 million in 2017 compared to 9.8 million in 2011 representing a 2.4% compound annual growth rate over the period from 2011 to 2017. In addition, Switzerland's population growth has created additional opportunity for subscriber growth. In 2008, Switzerland registered its biggest rise in years in the permanent-resident population amid record immigration, with the total permanent-resident population growing 1.4%, reaching 7.7 million by the end of 2008. Since then, the Swiss Federal Statistics Office has reported population growth of 1.0% in 2010 and 1.1% in 2011. As of September 30, 2012, the total permanent-resident population is estimated at 8.0 million.

Significant Barriers to Entry

We believe that there are significant barriers to entry for potential new competitors in Switzerland, our core market. For a new market entrant, building a mobile telecommunications network in Switzerland is complex and time- and capital-intensive, due to a number of factors, including the difficult nature of the terrain and the need for local authority approval for each site. In addition, stringent environmental regulations, which are embedded in building permits, limit radiation levels well below the EU standards, thereby requiring a greater number of sites and base stations to achieve any given network coverage compared to most other countries. In recent years, no new entrant has successfully established itself on a national scale. For instance, in 2006, ComCom withdrew Telefonica's 3G license because it failed to fulfill coverage requirements, and in 2008, Tele2 was acquired by Sunrise after failing to deploy a nationwide network. As a result, the Swiss mobile telecommunications market has become a relatively stable market of three national mobile network operators: Swisscom, Orange and Sunrise.

In addition, the long-term nature of the licenses granted in the recent award of spectrum frequencies in Switzerland constitute significant barriers to entry for potential new competitors. These licenses are not tradeable by their terms and are valid until December 31, 2028. Accordingly, it could be difficult for any new potential entrant into the market to be able to acquire the right to use the relevant spectrum covered by these licenses until after 2028. See "*Regulation—Mobile Regulatory Environment—Spectrum Auction 2012*" for further details of the allocation of spectrum in Switzerland.

Strong Market Share and Attractive Value Position

Together with Swisscom and Sunrise, we are one of the three mobile network operators in Switzerland with a nationwide network. According to our estimates, our market share among all three mobile network operators in Switzerland based on revenues was approximately 20.6% for the year ended December 31, 2012 and 19.5% for the year ended December 31, 2011, while Swisscom and Sunrise commanded a 58.9% and 20.5% market share, respectively, for the year ended December 31, 2012, and a 60.4% and 20.0% market share, respectively, for the year ended December 31, 2011. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share*." With approximately 63.7% of our subscribers as of December 31, 2012 being postpaid subscribers and approximately 67.5% of our postpaid subscribers using smartphones, we have established a firm position in the most attractive and profitable market segment, and we believe we have recently generated the highest blended ARPU in the Swiss mobile telecommunications market.

We believe that our attractive positioning in the higher-end postpaid market segment provided us with a solid basis to target a broader range of customers and increase our subscriber base in more mass-market segments, as illustrated by the success of our recent commercial offerings based on our Orange Me plans and the Orange Young offerings that we relaunched in January 2013.

Extensive, High-Quality Network Infrastructure

We operate and own one of the three nationwide mobile telecommunications networks in Switzerland. According to a performance test conducted between March and August 2011 by cnlab for Kassensturz, a Swiss consumer TV magazine, Orange provided 3G connectivity in about 80% of the consumer tests (compared to 91% for Swisscom and 64% for Sunrise) and our average download data rate as experienced by the consumers was 1.8Mbit/s (as compared to 2.1Mbit/s for Swisscom and 1.7Mbit/s for Sunrise). We also offer High Definition Voice (HD Voice) on our entire 3G network. We have the second best mobile network in Switzerland in terms of network performance, behind Swisscom and ahead of Sunrise, according to the 2012 study published by "Connect" magazine that covered smartphone telephony, smartphone data, mobile broadband in cities and data on motorways.

We are further significantly strengthening our network to secure capacity for increasing data traffic by optimizing spectrum allocation, to offer improved EDGE capability, to extend our geographical coverage, to improve voice and data coverage and by making our network 4G Long Term Evolution ("LTE") compatible. In accordance with our investment plan, in the first quarter of 2013, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements. This substantially improved the general network quality and the coverage, as well as provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability. We expect to launch our 4G offering in ten major cities in Switzerland and in certain ski resorts in June 2013. See "*Business—Network and Infrastructure*."

Resilient Adjusted EBITDA and Strong Cash Generation

Our Adjusted EBITDA has remained relatively stable over the 2010-2012 period despite the decrease in MTRs during that period. At constant MTRs, our Adjusted EBITDA would have increased by approximately 15.4% from the year ended December 31, 2010 to the year ended December 31, 2012.

At constant MTRs, we have experienced significant growth since the first quarter of 2011. On an aggregated basis, the Group's Adjusted EBITDA increased by 6.6% for the year ended December 31, 2012, as compared to the Adjusted EBITDA for the Orange Group for the year ended December 31, 2011. This growth in Adjusted EBITDA was primarily due to the increase in mobile subscriber revenues attributable to an increase of 3.8% in our subscriber base for the year ended December 31, 2012 compared to the year ended December 31, 2011 and an increase of 0.9% in our mobile subscriber ARPU for the year ended December 31, 2012 compared to the year ended December 31, 2011, as a result of repositioning our offerings and the changed billing intervals that we have implemented.

The Orange Group generated EBITDA of CHF 313.6 million and CHF 310.4 million for the years ended December 31, 2010 and 2011, respectively, and EBITDA less capital expenditures (excluding spectrum licenses) of CHF 165.8 million and CHF 167.7 million for the years ended December 31, 2010 and 2011, respectively. On an aggregated basis, the Group generated EBITDA of CHF 295.2 million for the year ended December 31, 2012 (including CHF 38.7 million of transaction costs related to the Acquisition), and EBITDA less capital expenditures of CHF 151.9 million for the year ended December 31, 2012.

Experienced Management Team

We have a highly experienced management team, with experience in both Swiss and international markets. Johan Andsjö, our Chief Executive Officer since October 1, 2012, has had 17 years of experience in the telecommunications industry. Yann Leca was appointed as Chief Financial Officer of the Company on November 26, 2012. Mr. Leca was formerly the Chief Financial Officer of Polyconcept (a portfolio company of Investcorp that was previously owned by BC Partners) and he held that position since 1998. During that time, Mr. Leca has actively participated in the development and ongoing transformational work at Polyconcept as well as the operations of the company. We also appointed Johan Hall as Chief Technology Officer of the Company. Mr. Hall was formerly the Chief Technology Officer of Yoigo in Spain and held that position since its launch in 2006. Mr. Hall has 25 years' experience in the telecommunications industry. Our management team has considerable industry experience, including with leading technology and telecommunications companies. Our management team also has an established track record of transformation and generating growth, including the successful repositioning of Orange over the last year.

The senior management team also endeavors to attract and retain a loyal and committed employee base. We have been recognized as a "great place to work" according to surveys conducted inside and outside the Company. In April 2012, Orange was included in a ranking of the best employers in the category "large enterprises" in French speaking Switzerland in the magazine "Bilan". We have not experienced any labor-related work stoppages during the past three years.

Our Strategy

Our objective is to reinforce our position in the Swiss mobile telecommunications market to become the leading mobile-centric network operator in Switzerland with a strategic position built around service excellence, thereby growing our revenues, increasing our profitability and improving our cash flow generation.

Our management has established the following 5 strategic focus areas to achieve this:

- growth above market average;
- implementation of efficiencies to optimize cost structure and cash flow;
- monetization of data growth;
- further improvement of quality of Network and IT; and
- leadership in service excellence.

Growth Above Market Average

Historically, we have focused our commercial efforts on customers that deliver high ARPU, particularly in the postpaid market segment. While our core strategic focus remains on the high-end of the postpaid market segment, we intend to leverage our premium positioning to target a broader range of customers and increase our subscriber base in mass-market customer segments. We believe it is important that we, as a challenger in the market, also adopt a challenger mindset and constantly strive to grow faster than the overall market, thereby increasing our share of the market. Our primary focus areas for growth are the following:

- *Continued development of our à la carte tariffs plans.* This *à la carte* approach provides customers with better transparency and maximum flexibility, allowing customers to bundle voice and data products according to their preferences. We believe this approach will give us the opportunity to continue to develop our high ARPU base and, at the same time, the flexibility to target mass-market customer segments. It will also provide us with the opportunity to monetize an increase in data traffic into an increase of data revenues.
- *Increased distribution in selected geographies in Switzerland.* We expect to further develop our direct distribution network by increasing its efficiency, opening additional Orange centers, as well as expanding telesales operations. We believe this will enable us to further improve our customer reach and intimacy, and lower entry barriers for new customer segments. The target for 2013 is to open 18 Orange centers, predominately in the German speaking parts of Switzerland where we historically have been under represented.
- *Further grow our B2B business.* Historically, our business subscribers market share has been relatively low, compared to that of Swisscom and Sunrise. We have therefore put in place a dedicated business unit, which addresses all B2B activities, specifically focusing on SoHo and certain SME business customers. We intend to improve our market share through revised tariff structures, improved anti-churn measures and better channel management.

We believe that we also have an opportunity to further grow our market by further developing our relationships with wholesale resellers and MVNO partners and by continuing to implement churn reduction initiatives by increasing customers satisfaction levels across our different customer categories and improving our network quality.

Implementation of Efficiencies to Optimize Cost Structure and Cash Flow

We have increasingly focused on improving efficiency throughout our organization and we believe that this will lead to enhanced profitability. We intend to further improve our earnings and cash flows by reducing operating costs through a number of measures, including the following:

- *Reduce and rebalance resources.* We aim to rebalance our resources through workforce reductions. During 2013, we plan to reduce our workforce by up to 140 full time employees. The initial phase, which was implemented in March 2013, led to a reduction of 68 full time employees, mostly in corporate functions. In a second phase later in 2013, further employment reductions will be implemented, which will enable us to modernize and simplify our business processes.
- *Simplify network maintenance and roll-out.* We have entered into new agreements with suppliers considerably simplifying our supplier relationships. In December 2012, we signed a new agreement with Ericsson AG ("Ericsson"), in relation to the maintenance of our network and "run"-processes (including network management, field maintenance and spare parts management), which we expect will lower our total network running cost. In January 2013, we signed a new agreement with Nokia Siemens Networks Oy ("Nokia Siemens Networks"), in relation to new roll-out developments (including any infrastructure development activities that we may undertake, such as site acquisitions, build permit procedures and the related upgrades and hardware maintenance), which will also allow Orange to only pay for infrastructure developments once they are fully installed and operational, improving our capital expenditure levels and cash flows.
- *Modernize IT-processes.* We have embarked on a process to modernize several key systems in our IT-environment, in order to improve our time to market, decrease our total cost base and increase customer satisfaction. We intend to significantly reduce the number of IT-suppliers that we use and pursue software as a service ("SaaS") business models with leading actors where possible. In addition, we believe that we can further improve our capital expenditure and working capital levels thanks to our ongoing network and IT infrastructure optimization, e-billing initiatives and our strict focus on optimizing inventory levels.

Monetization of Data Growth

We strive to continue to monetize an increase in data traffic, initially driven by the increased adoption of smart phones, into an increase of data revenues. Our existing *à la carte* approach, allowing customers to bundle voice and data products according to their preferences, will further contribute to our ability to monetize the data. Some of the key initiatives in this area are the following:

- *Increased capacity for data differentiation.* We are improving our capabilities to differentiate our products through combinations of speed, data bucket size, multiple devices and service bundles to address the needs of our customers. For example, when we re-launched Orange Young in January of 2013, Spotify and associated traffic has been included as part of the total offering. We have also launched multi-device/multi-sim offerings, allowing customers to optimize their experience as well as maintaining an easy to understand pricing model. As part of our *à la carte* model, we allow customers to upsell and upgrade increased data services when they need to do so.
- *4G-launch.* As part of the Swiss spectrum auctions, we acquired ample and well located spectrum blocks for a fast launch of high quality 4G services. We expect to launch our 4G offering on 1800 and 800 MHz spectrum in ten major cities in Switzerland and in certain ski resorts in June 2013. We expect the launch of 4G services to at least double data consumption in the course of the upcoming 2 years.
- *Radio cacheing of content.* A concept sometimes known as "liquid applications" will allow us to cache on a per base station basis the most popular content at any given time. This reduces the investment need in backhaul capacity and improves the customer perception of response time and latency. This functionality will be implemented at the end of 2013 and beginning of 2014.

Further Improvement of Quality of Network and IT

We intend to further improve the quality of our network to enhance user experience and perception and to increase our market share. We have significantly improved the quality of our network in recent years, having the second best mobile network in Switzerland according to the 2012 network performance study published by "Connect" magazine, including by the following initiatives:

- *RAN renewal completed.* In accordance with our investment plan, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements in the first quarter of 2013. This substantially improved the general network quality and coverage, and provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability. We also expect energy efficiency gains as a result of the network upgrade, resulting in lower overall network costs.

- *4G coverage and 3G-gap filling.* Our investment priorities over the next few years is to enable a strong 4G network to be competitive with Swisscom and to take advantage of what we believe is a spectrum portfolio advantage over our competitors. We also intend to further improve capacity and fill the current gaps in our 3G coverage, to further improve quality of service not just for new but also existing customers.
- *IT modernization.* We are also planning to implement a transformation plan in the second half of 2013 to refresh our legacy IT architecture aiming to consolidate order management, CRM and billing services, and in-source ISP capabilities, which is expected to improve cost efficiency, but also customer care and sales productivity.

Leadership in the Service Excellence

Our organization has historically sought to be customer-centric and has made significant efforts to provide its customers with consistently high-quality services. Our management intends to cultivate and further enhance this customer-oriented culture. As a mobile-centric operator, we believe that we have the ability to further increase our perceived service excellence by focusing on simple "one-product" type of offering, in contrast to, in our view, complex, 4-play based offering and associated customer processes of our competitors. Our service excellence position provides us with a clear possibility to further decrease churn, facilitate the migration for customers from other operators to our network and decrease process costs associated with customer services. Some of the key initiatives in this area involve the following:

- *Simplicity in product range.* We have closed down several non-core products during end of 2012 and beginning of 2013 in order to further simplify our portfolio and be able to give full support to all the products that we offer.
- *Dedicated service personnel for SME customers.* B2B customers are now provided with a dedicated service personnel that can cater to all of their requests without having to pass the customer on to other units in our organization.
- *Simplified interactive voice response systems.* Complex interactive voice response (IVR) systems are one of the top-3 complaints across any industry in terms of customer service. During the second and third quarter of 2013, we are implementing a new call management platform as well as customer process to try and maintain the number of IVR-actions between 1-3 per session. We expect that this approach will decrease technical costs as well as increase our ability to answer customers quick and to the point.
- *Segmentation of service treatment.* To best serve our customers, we intend to continue our strategy of providing critical customer care services in-house, while outsourcing non-critical services. We believe that this strategy provides the right combination of better performance, faster response and cost efficiency.
- *Improved retention and churn management.* In addition, we intend to strengthen our efforts to retain our high quality customer base by improving customer loyalty and reducing churn. In 2011, we formed a dedicated team to focus on identifying the root causes for churn, which has led to a material reduction of churn in our most valuable postpaid segment. We have defined and prioritized specific initiatives to reduce churn at an early stage, and our efforts are now focused on implementing this strategy in order to further significantly reduce our churn rates in the coming years. Our strategy to enhance customer satisfaction and the reduction of churn also includes the continuation of our *à la carte* flexible tariffs approach, the enhancement of the quality of our network, the development of our direct distribution network to improve customer proximity and the improvement of our billing processes.

The Issuer

The Issuer, a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg, is the parent of Matterhorn Midco, a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg, which, in turn, is the parent company of MMH, a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg. The Issuer was formed on September 25, 2012 for the purpose of issuing the Notes.

The Transactions

The Transactions consist of the following:

- the issuance by the Issuer of €250 million (CHF 304 million equivalent) aggregate principal amount of Notes offered hereby;
- the repayment of share capital and/or share premium to Matterhorn Topco in the amount of €231 million (CHF 280 million equivalent);
- cash on balance sheet remaining at Issuer Level in the amount of €12 million (CHF 15 million equivalent); and
- the payment of fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with this Offering.

Sources and Uses for the Transactions

The expected estimated sources and uses of the funds with respect to the Transactions, including the Notes offered hereby, are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimates of fees and expenses and the actual Issue Date.

Sources of Funds	(CHF in millions)	Uses of Funds	(CHF in millions)
Notes offered hereby	304	Repayment of share capital and/ or premium(1)	280
		Cash on balance sheet(2)	15
		Estimated fees and expenses(3)	9
Total sources	304	Total uses	304

(1) The Issuer will repay share capital and/or share premium to Matterhorn Topco on or about the Issue Date.

(2) Remaining at Issuer level.

(3) Estimated fees and expenses associated with the Transactions, including underwriting and professional fees and transaction costs.

Recent Developments

First Quarter Results Estimate

Although our results for the three months ended March 31, 2013 are not currently available, based on the information that is currently available to us, we believe that our 2013 first quarter results will be in line with our expectations, with a year-on-year subscriber base growth of approximately 3%, thanks to a significant year-on-year increase of our postpaid subscriber base of more than 6% and despite a year-on-year decrease of our prepaid subscriber base of more than 2%. In the same period we expect our blended ARPU to decline broadly in line with the year on year decline recorded in the previous quarter. In the first three months of 2013, the expected ARPU decline is primarily due to the evolution of the product mix.

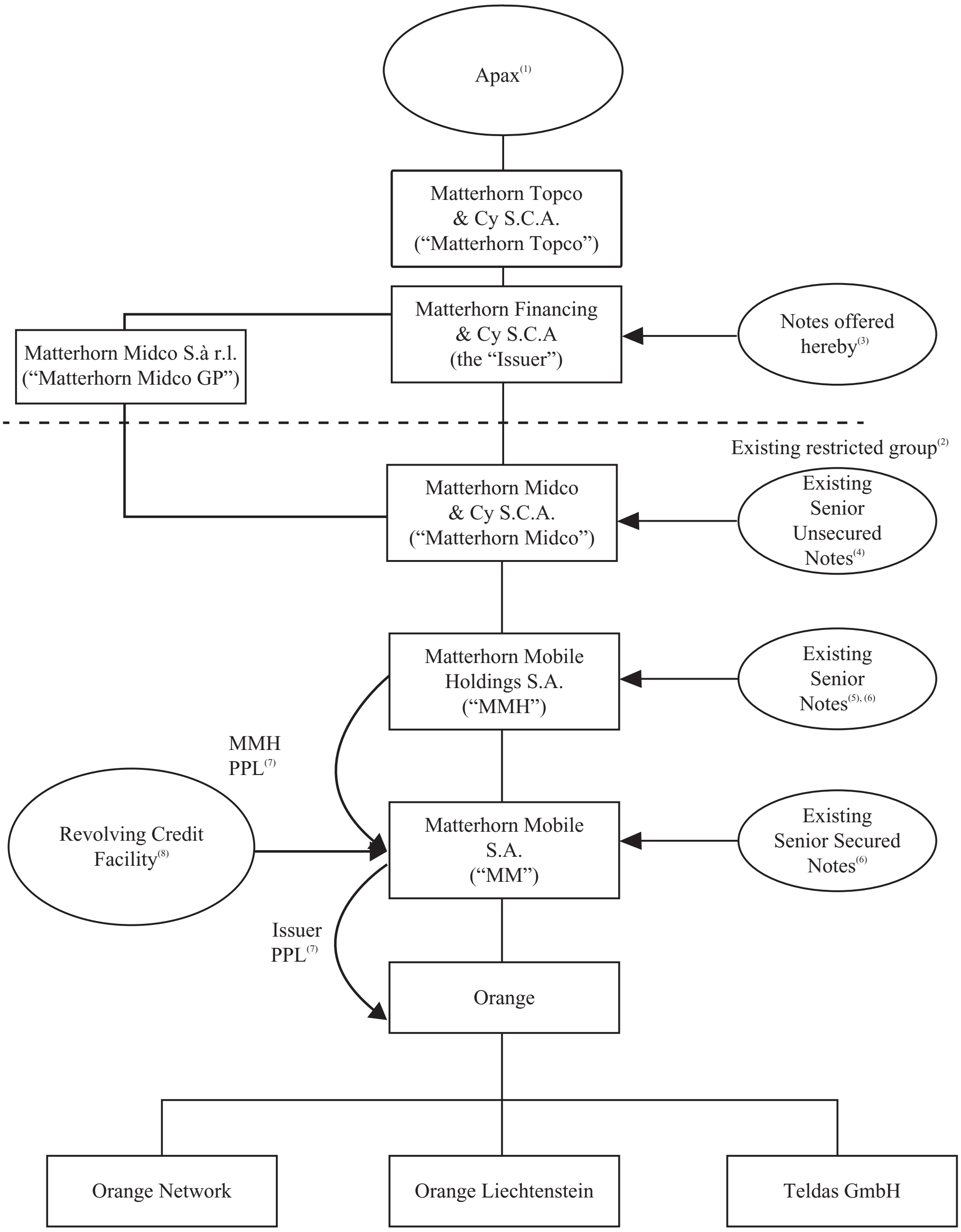
We also believe that our total revenue, EBITDA and Adjusted EBITDA for the three months ended March 31, 2013 will be in line with our total revenue, EBITDA and Adjusted EBITDA for the three months ended March 31, 2012 and in line with our budget. The effects of our cost savings initiatives will start to be visible in the second quarter of 2013. Our actual first quarter results may differ materially from these first quarter result estimates.

Operating Costs Reduction Estimate

On February 15, 2013, we announced a transformation program designed, amongst others, to reduce our operating costs. As part of this program, we aim to rebalance our resources, including through workforce reductions of up to 140 full time employees. The initial phase, which was implemented in March 2013, led to a reduction of 68 full time employees, mostly in corporate functions. We estimate that the associated one-off cost in relation to the initial phase of workforce reductions is CHF 6.7 million and that the related annual savings will be approximately CHF 14 million. In a second phase later in 2013, further employment reductions will be implemented. We expect that the total costs of all workforce reductions that are currently planned will amount to approximately CHF 16 million, with related annual total gross savings of approximately CHF 28 million. Further savings are expected to be realized as a consequence of other initiatives. These estimated costs and savings do not account for any costs related to the 18 additional Orange centers that we have scheduled to open during 2013 or the new employees that we will hire in relation thereto. We estimate the annual cost related to new employees that we will hire to amount to approximately CHF 8 million. The actual costs of all workforce reductions and new employee hires that are currently planned as part of our transformation program may differ materially from these estimates.

CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following diagram shows a simplified summary of our corporate and principal financing structure as adjusted to give effect to the Transactions. The diagram does not include all entities in the Group, nor all of the debt obligations thereof. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled "*Summary Capitalization*," "*Description of the Notes*" and "*Description of Certain Financing Arrangements.*"



(1) "Apax" refers to one or more funds or limited partnerships advised by Apax Partners LLP or any of its affiliates or direct or indirect subsidiaries from time to time investing, directly or indirectly, in the Issuer. Certain members of senior management have invested alongside Apax through a management equity program. See "*Management—The Company—Incentive Plans*."

(2) Matterhorn Midco and its subsidiaries are part of one or more existing restricted groups in connection with the Existing Senior Unsecured Notes, the Existing Senior Notes and/or the Existing Senior Secured Notes. See "*Description of Certain Financing Arrangements.*" The Issuer and its restricted subsidiaries will be subject to the restricted group in connection with the Indenture.

(3) Pursuant to this Offering, the Issuer will issue €250 million (CHF 304 million equivalent) aggregate principal amount of Notes. The Notes will be senior obligations of the Issuer. The Notes will be secured by first-ranking security interest of the shares of capital stock of Matterhorn Midco and Matterhorn Midco GP, See "*Description of the Notes*" for further information. The net proceeds will be used to repay share capital and/or share premium to Matterhorn Topco.

(4) Matterhorn Midco has issued €155 million aggregate principal amount of Existing Senior Unsecured Notes. The Existing Senior Unsecured Notes are senior unsecured obligations of Matterhorn Midco and are guaranteed on a senior unsecured basis by MMH. See "*Description of Certain Financing Arrangements—Existing Senior Unsecured Notes*" for further information.

(5) MMH has issued €225 million aggregate principal amount of Existing Senior Notes. The Existing Senior Notes are senior obligations of MMH and are guaranteed on a senior subordinated basis by MM, Orange and Orange Network. The Existing Senior Notes are secured on a second priority basis (subject to certain exceptions) over shares of capital stock of MM and loans made by MMH to MM, including the MMH Profit Participating Loan. See "*Description of Certain Financing Arrangements—Existing Senior Notes*" and "*Description of Certain Financing Arrangements—Profit Participating Loans*" for further information.

(6) MM issued CHF 450 million aggregate principal amount of Existing Fixed Rate Senior Secured Notes on February 10, 2012, €150 million aggregate principal amount of Existing Euro Floating Rate Senior Secured Notes on February 10, 2012, €180 million aggregate principal amount of Existing Euro Floating Rate Senior Secured Notes on February 16, 2012 and CHF 180 million aggregate principal amount of Existing CHF Floating Rate Senior Secured Notes due 2019 on September 11, 2012. The Existing Senior Secured Notes are guaranteed on a senior basis by MMH, Orange and Orange Network, as limited by applicable Swiss and Luxembourg law and secured on a first priority basis (subject to certain exceptions) over shares of capital stock of each of Orange, MM and Orange Network, certain bank accounts, loans made by MMH to MM and by MM to Orange, including the Profit Participating Loans, rights of MM under the documents governing the Acquisition, intra-group receivables owed to Orange by a member of the Group and inter-group receivables owed to Orange Network by a member of the Group. See "*Description of Certain Financing Arrangements—Existing Senior Secured Notes*" for further information.

(7) On the Completion Date, MMH loaned to MM, pursuant to a profit participating loan, the net proceeds of the issuance of the Existing Senior Notes (the "MMH Profit Participating Loan"). On the same date, certain of the proceeds in connection with the Acquisition were on-loaned from MM to Orange pursuant to two profit participating loans. In addition, since the Completion Date, a further profit participating loan was entered into between MM, as lender and Orange, as borrower and on September 3, 2012, the three profit participating loans between MM and Orange were consolidated into one profit participating facility (together, the "MM Profit Participating Loan"). Funds received by MM from Orange as payments of interest under MM Profit Participating Loan are used to service interest payments under the Existing Senior Secured Notes. Such funds are also used to service interest payments on the MMH Profit Participating Loan owed by MM to MMH, such that MMH in turn receives funds for the purpose of making interest payments on the Existing Senior Notes.

(8) The Revolving Credit Facility provides for a super senior multi-currency revolving credit facility of a maximum amount of CHF 100 million. The same assets that currently secure the Existing Senior Secured Notes also secure the Revolving Credit Facility. See "*Description of Certain Financing Arrangements—Revolving Credit Facility*" for further information. MMH, Orange and Orange Network may also borrow under the Revolving Credit Facility as well as any future borrower. Neither the Issuer nor Matterhorn Midco may be borrowers under the Revolving Credit Facility.

THE OFFERING

The following is a brief summary of certain terms of the Offering of the Notes. It may not contain all the information that is important to you. For additional information regarding the Notes, see "*Description of the Notes*."

Issuer	Matterhorn Financing & Cy S.C.A. (the "Issuer").
Notes	€250 million aggregate principal amount of 9.00%/9.75% Senior PIK Toggle Notes due 2019 (the "Notes").
Issue Date	The Notes were issued on April 17, 2013.
Issue Price	100.00% plus accrued interest, if any, from the Issue Date.
Maturity Date	April 15, 2019.
Interest Rate	Cash Interest will accrue at a rate of 9.00% per annum. PIK Interest will accrue at a rate of 9.75% per annum.
Interest Payment Dates	The Issuer will pay interest on the Notes semi-annually in arrears on each April 15 and October 15, commencing on October 15, 2013. The initial interest payment and the last interest payment on the Notes will be made in cash. For each other interest payment, the Issuer will be required to pay interest on the Notes entirely in cash ("Cash Interest"), unless the conditions described in this Offering Memorandum are satisfied, in which case the Issuer will be entitled to pay, to the extent described herein, interest for such interest period by increasing the principal amount of the Notes or by issuing Notes in a principal amount equal to such interest ("PIK Interest") or as a combination of the two.
Form of Denomination	Each Note will have a minimum denomination of €100,000 and integral multiples of €1 in excess thereof.
Ranking of the Notes	The Notes will: • be general, senior obligations of the Issuer, secured as set forth below under "*—Security*;" • rank *pari passu* in right of payment with all of the Issuer's existing and future senior indebtedness; • rank senior in right of payment to all existing and future subordinated indebtedness of the Issuer; • be effectively senior to all of the Issuer's existing and future indebtedness that is unsecured, or secured on a basis junior to the security granted in respect of the Notes, in each case to the extent of the assets securing the Notes; • be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness; and • be effectively subordinated to any existing and future indebtedness of subsidiaries of the Issuer.
Security	The Notes will be secured on a first-priority basis, subject to certain perfection requirements and any Permitted Collateral Liens, over the shares of capital stock of each of Matterhorn Midco and Matterhorn Midco GP.
Limitations on and Release of Security	The security granted by the Issuer will be limited under Luxembourg law, as described under "*Risk Factors—Risks Related to the Notes and to Our Structure—Each security interest will be subject to certain*

	limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability" and "*Risk Factors—Risks Related to the Notes and to Our Structure—The insolvency laws of Luxembourg may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.*" The security interests securing the Notes may be released under certain circumstances. See "*Risk Factors—Risks Related to the Notes and to Our Structure—There are circumstances other than repayment or discharge of the Notes under which the collateral securing the Notes will be released automatically, without your consent or the consent of the Trustee*" and "*Description of the Notes—Security—Release of Liens*."
Intercreditor Agreement	The Notes will not be subject to, and will not benefit from, the provisions of the Intercreditor Agreement. See "*Risk Factors—Risks Related to the Notes and to Our Structure—The Notes will not be subject to, or benefit from, the Intercreditor Agreement*."
Additional Amounts	Any payments made by the Issuer with respect to the Notes will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If the Issuer is required by law to withhold or deduct for such taxes with respect to a payment to the holders of Notes, the Issuer will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See "*Description of the Notes—Withholding Taxes*."
Optional Redemption	Prior to October 15, 2014, the Issuer will be entitled at its option to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make-whole" premium described in this Offering Memorandum and accrued and unpaid interest to the redemption date. On or after October 15, 2014, the Issuer will be entitled at its option to redeem all or a portion of the Notes at the applicable redemption price set forth under the caption "*Description of the Notes—Optional Redemption*" plus accrued and unpaid interest to the redemption date. Prior to October 15, 2014, the Issuer will be entitled at its option on one or more occasions to redeem the Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 109.00% of the principal amount outstanding in respect of the Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the aggregate principal amount of the Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the closing date of the relevant equity offering.
Optional Redemption for Tax Reasons	In the event of certain developments affecting taxation or certain other circumstances, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons.*"
Change of Control	Upon the occurrence of certain events defined as constituting a specified change of control event, the Issuer may be required to offer

	to repurchase all outstanding Notes at a purchase price in cash equal to 101% (or 100% in the event that the Issuer shall fail to own directly or indirectly 100% of the issued and outstanding voting stock of Matterhorn Midco, subject to certain exclusions) of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. A specified change of control event will not be deemed to have occurred if certain consolidated leverage ratios are not exceeded as a result of such event. See "*Description of the Notes—Change of Control*."
Certain Covenants	The Indenture will restrict the ability of the Issuer and its restricted subsidiaries to, among other things: • incur or guarantee additional indebtedness and issue certain preferred stock; • create or incur certain liens; • make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its restricted subsidiaries; • prepay or redeem subordinated debt or equity; • make certain investments; • create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Issuer or any of its restricted subsidiaries; • sell, lease or transfer certain assets including stock of restricted subsidiaries; • engage in certain transactions with affiliates; • enter into unrelated businesses or engage in prohibited activities; • consolidate or merge with other entities; and • impair the security interests for the benefit of the holders of the Notes. Each of these covenants is subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*."
Transfer Restrictions	The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See *"Notice to Investors."* We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).
No Prior Market	The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.
Certain U.S. Federal Income Tax Considerations	The Notes will be subject to special and complex U.S. federal income tax rules. Holders are urged to consult their own tax advisors with respect to the federal, state, local and foreign tax consequences of purchasing, owning and disposing of the Notes. See "Certain U.S. Federal Income Tax Considerations."
Listing	Application will be made to have the Notes admitted for trading on the Euro MTF market, and to list the Notes on the Official List of the Luxembourg Stock Exchange.

Governing Law for the Notes and the Indenture	New York law.
Governing Law for the Security Documents	Luxembourg law.
Trustee	Deutsche Bank AG, London Branch.
Registrar, Luxembourg Listing Agent and Transfer Agent	Deutsche Bank Luxembourg S.A.
Security Trustee and Paying Agent	Deutsche Bank AG, London Branch.
ISINs and Common Codes	
ISINs	Reg S: XS0916768343; Rule 144A: XS0916768186
Common Codes	Reg S: 091676834; Rule 144A: 091676818

RISK FACTORS

Investing in the Notes involves substantial risks. See the "*Risk Factors*" section of this Offering Memorandum for a more complete description of certain risks that you should carefully consider before investing in the Notes. However, this Offering Memorandum does not include or describe all of the risks of an investment in the Notes.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The tables below set forth the summary historical consolidated financial information and other data of Orange and MMH, each as of the dates and for the periods indicated.

The summary consolidated income statement and statement of cash flows set forth below as of and for the years ended December 31, 2010 and 2011 are that of Orange and were derived from the Orange Group audited consolidated financial statements. The audited consolidated income statement and statement of cash flows set forth below for the period of January 1, 2012 to February 29, 2012 are that of Orange and were derived from the Group audited consolidated financial statements. The audited consolidated income statement, statement of financial position and statement of cash flows as of and for the period from March 1, 2012 to December 31, 2012 are that of MMH and such financial information has been derived from the Group audited consolidated financial statements.

The summary historical consolidated financial information and other data also presents unaudited "aggregated financial information" that combines the results of operations of the Orange Group and the Group for the year ended December 31, 2012. The aggregated financial information for the year ended December 31, 2012 is calculated by taking the financial information of the Orange Group for the period from January 1, 2012 to February 29, 2012, and adding it to the financial information for the Group for the period from March 1, 2012 to December 31, 2012. The presentation of all the unaudited aggregated information for the year ended December 31, 2012 is not intended to comply with IFRS and does not represent pro forma information. The unaudited aggregated financial results are intended to give an indication of the financial results of the aggregated Orange Group and Group for the year ended December 31, 2012. The unaudited aggregated financial results for these periods are not fully comparable with the other periods.

The unaudited consolidated pro forma financial data and as adjusted financial data have been prepared for illustrative purposes only and do not purport to represent what the actual consolidated cash interest expense would have been if the Acquisition Transactions and the Transactions had occurred on January 1, 2012 nor does it purport to represent the Group's consolidated cash interest expense or actual financial position at any future date. The pro forma financial data and as adjusted financial data set forth in this offering memorandum is based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual amounts.

The consolidated historical financial information and other data of the Orange Group and the Group should be read in conjunction with the information contained in "*Presentation of Financial and Other Data*," "*Use of Proceeds*," "*Summary Capitalization*," "*Selected Historical Financial Information*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the consolidated financial statements of Orange and MMH included elsewhere in this Offering Memorandum.

Summary Consolidated Income Statement Information of Orange and MMH

	Orange			MMH	Aggregate (Orange and MMH)
	For the year ended December 31,	For the year ended December 31,	For the period from January 1 to February 29,	For the period from March 1 to December 31,	For the year ended December 31,
	2010	2011	2012	2012	2012
	(CHF in thousands)				
Revenues	**1,295,453**	**1,248,773**	**203,560**	**1,118,056**	**1,321,616**
Access back bone and interconnection	(239,586)	(226,757)	(35,664)	(184,261)	(219,925)
Commercial expenses and cost of equipment sold	(370,586)	(364,218)	(58,138)	(354,412)	(412,550)
Network, IT, property expenses and other purchases	(197,300)	(175,344)	(31,010)	(146,800)	(177,810)
Labor expenses	(137,572)	(142,885)	(23,155)	(113,338)	(136,493)
Other operating expenses	(18,510)	(20,020)	(4,773)	(16,788)	(21,561)
Other operating income	19,664	22,987	7,951	4,065	12,016
Result of disposal and other gains	—	—	10	122	132
Restructuring and transaction costs	(6,944)	(2,873)	(1,079)	(45,290)	(46,369)
Corporate and brand fees	(31,060)	(29,255)	(4,991)	(18,897)	(23,888)
Depreciation, amortization and impairment	(185,244)	(196,565)	(29,702)	(238,827)	(268,529)
of which, increases of amortization or depreciation resulting from purchase accounting[i]	—	—	—	*(71,580)*	*(71,580)*
of which, intangible asset impairment charge, amortization or write-off[i]	*(80,665)*	*(69,253)*	*(10,586)*	*(73,952)*	*(84,538)*
Operating income	**128,316**	**113,843**	**23,009**	**3,629**	**26,638**
Financial expenses	(20,197)	(19,556)	(2,373)	(100,362)	(102,735)
Financial income	4,016	2,244	73	5,426	5,499
Finance costs, net	**(16,181)**	**(17,312)**	**(2,300)**	**(94,936)**	**(97,236)**
Net income / (loss) before tax	112,135	96,531	20,709	(91,308)	(70,599)
Income (tax) credit	(16,384)	3,695	(5,828)	(13,512)	(19,340)
Net income / (loss)	**95,751**	**100,226**	**14,881**	**(104,820)**	**(89,939)**
Net income / (loss) attributable to equity owners	95,751	100,226	14,881	(104,820)	(89,939)

Summary Statement of Financial Position Information of MMH

	MMH
	As of December 31, 2012
	(CHF in thousands)
Total non-current assets	2,200,207
Total current assets	497,750
Total Assets	2,697,957
Total non-current liabilities	1,583,593
Total current liabilities	575,067
Total Liabilities	2,158,660
Total Equity	539,297
Total Equity and Liabilities	2,697,957

Summary Consolidated Statement of Cash Flows of Orange and MMH

	Orange			MMH	Aggregate (Orange and MMH)
	For the year ended December 31,	For the year ended December 31,	For the period from January 1 to February 29,	For the period from March 1 to December 31,	For the year ended December 31,
	2010	2011	2012	2012	2012
	(CHF in thousands)				
Net cash provided by operating activities[ii]	327,452	280,326	27,518	307,620	335,138
Net cash used in investing activities	(158,238)	(123,850)	(30,863)	(1,508,622)	(1,539,485)
Net cash provided by / (used in) financing activities	(300,232)	(95)	(413,502)	1,327,988	914,486

Other Financial Data of Orange and MMH

	For the year ended December 31,	For the year ended December 31,	For the period from January 1 to February 29,	For the period from March 1 to December 31,	For the year ended December 31,
	2010	2011	2012	2012	2012
	(CHF in thousands, except percentages)				
Total revenues	**1,295,453**	**1,248,773**	**203,560**	**1,118,056**	**1,321,616**
EBITDA[iii]	313,560	310,407	52,712	242,456	295,168
EBITDA Margin[iii]	24.2%	24.9%	25.9%	21.7%	22.3%
Adjusted EBITDA[iii]	**351,564**	**342,536**	**58,772**	**306,521**	**365,292**
Adjusted EBITDA Margin[iii]	27.1%	27.4%	28.9%	27.4%	27.6%
Capital expenditure[iv]	147,720	142,701	17,358	125,920	143,278
Capital expenditure as a percentage of total revenues	11.4%	11.4%	8.5%	11.3%	10.1%

Certain Credit Ratios of the Issuer[v]

	As of and for the year ended December 31, 2012
Pro forma cash interest expense[vi]	125,310
As adjusted total existing restricted group debt[vii, viii]	1,489,304
As adjusted total net existing restricted group debt[vii, viii]	1,349,469
As adjusted total debt[viii]	1,792,879
As adjusted total net debt[viii]	1,638,014
Ratio of Adjusted EBITDA to pro forma cash interest expense[iii]	**2.9x**
Ratio of as adjusted total existing restricted group debt to Adjusted EBITDA[vi, vii]	4.1x
Ratio of as adjusted total net existing restricted group debt to Adjusted EBITDA[vi, vii]	3.7x
Ratio of as adjusted total debt to Adjusted EBITDA[iii, ix]	4.9x
Ratio of as adjusted total net debt to Adjusted EBITDA[iii, x]	**4.5x**

Certain Operational Data of the Company

	As of and for the year ended December 31,		
	2010	2011	2012
	(in thousands, except for ARPU)		
Mobile penetration[xi]	120.8	124.8	128.0
Number of subscribers at period end[xii]			
Postpaid residential subscribers	828	870	928
Postpaid business subscribers	132	133	135
Prepaid residential subscribers	603	604	606
Total subscribers	1,564	1,607	1,669
ARPU[xiii] (CHF per month) Voice ARPU[xiii]	39.0	36.5	35.7
Non-voice ARPU[xiii]	17.1	19.1	20.3
Total ARPU	**56.1**	**55.5**	**56.0**
Of which billed ARPU[xiii]	45.9	47.8	48.5

i Pursuant to the terms of the Indenture, the Company calculates such amount as the difference between the amortization expense of the acquired intangible assets resulting from a business combination measured at fair value, as determined by the purchase price allocation upon the acquisition date, and the amortization expense of the acquired intangible assets measured at their carrying value (if any) immediately prior to the acquisition date. Such amount, as well as the intangible asset impairment charge, amortization or write-off, are excluded from the calculation of "Consolidated Net Income" pursuant to the definition thereof under the Indenture. See "*Description of the Notes*."

ii As of December 31, 2012, interest income received and interest paid were reclassified from operating activities to financing activities.

iii EBITDA and Adjusted EBITDA are non-IFRS measures. We define EBITDA as net income/(loss) adjusted to remove income tax, financial income, financial expenses, depreciation, amortization and impairment charges. We define Adjusted EBITDA as EBITDA adjusted for corporate and brand fees, restructuring and transaction costs and results of disposals. This information is not and should not be viewed as a substitute for financial measures under IFRS. EBITDA and Adjusted EBITDA are not measures of performance or liquidity under IFRS and should not be considered by investors in isolation from, or as a substitute for, or a measure of, profit, or as an indicator of our operating performance or cash flows from operating activities as determined in accordance with IFRS. We have presented this supplemental non-IFRS information because we believe that it is a useful indicator of our ability to incur and service our indebtedness and can assist investors to evaluate our business. EBITDA, Adjusted EBITDA and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA and Adjusted EBITDA as reported by us to similar measures reported by other companies. We encourage investors to evaluate the adjustments made to calculate Adjusted EBITDA and form their own view as to the appropriateness to exclude or include these adjustments.

EBITDA and Adjusted EBITDA as presented here differ from the definition of "Consolidated EBITDA" contained herein under "*Description of the Notes*" and in the Indenture.

The following are reconciliations of EBITDA and Adjusted EBITDA for each of the periods presented below.

	Orange			MMH	Aggregate (Orange and MMH)
	For the year ended December 31,	For the year ended December 31,	For the period from January 1 to February 29,	For the period from March 1 to December 31,	For the year ended December 31,
	2010	2011	2012	2012	2012
	(CHF in thousands)				
Net income/(loss)	95,751	100,226	14,881	(104,820)	(89,939)
Income tax	16,384	(3,695)	5,828	13,512	19,340
Financial income	(4,016)	(2,244)	(73)	(5,426)	(5,499)
Financial expenses	20,197	19,556	2,373	100,362	102,735
Depreciation, amortization and impairment	185,244	196,565	29,702	238,827	268,529
EBITDA	**313,560**	**310,407**	**52,712**	**242,456**	**295,168**
Corporate and brand fees[(a)]	31,060	29,255	4,991	18,897	23,888
Restructuring and transaction costs[(b)]	6,944	2,873	1,079	45,290	46,369
Result on disposal and other (gains)/ losses[(c)]	—	—	(10)	(122)	(132)
Adjusted EBITDA[(d)]	**351,564**	**342,536**	**58,772**	**306,521**	**365,293**

(a) This item relates to corporate and brand fees which were paid by the Company to the FT Group prior to the Completion Date. Since the Completion Date, this item reflects management fees which were paid by the Company to Apax. For the year ended December 31, 2012, CHF 22.0 million reflects corporate and brand fees which were paid by the Company to the FT Group and the remaining CHF 1.9 million reflects management fees which were paid by the Company to Apax.

(b) For the year ended December 31, 2012, this reflects transaction costs of CHF 38.7 million related to the Acquisition and CHF 7.6 million of restructuring costs primarily resulting from the discontinuation of our Citydisc multimedia activities.

(c) For the year ended December 31, 2012, this reflects profit on the sale of certain fixed assets to FT in connection with the Acquisition.

(d) To aid in the evaluation of our underlying operating performance, we also provide certain financial data on a restated basis to exclude the impact of changes in MTRs during the periods under review by using constant MTRs, which are calculated assuming that MTRs for the applicable period would have been the same as the MTRs applicable from January 1, 2011 onwards. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Access and Interconnection Fees*."

	Orange			MMH	Aggregate (Orange and MMH)
	For the year ended December 31, 2010[x]	For the year ended December 31, 2011	For the period from January 1 to February 29, 2012	For the period from March 1 to December 31, 2012	For the year ended December 31, 2012
	(CHF in thousands)				
Total revenues	1,295,453	1,248,773	203,560	1,118,056	1,321,616
Total revenues at constant MTR	**1,233,202**	**1,248,773**	**203,560**	**1,118,056**	**1,321,616**
Operating income at constant MTR	**94,533**	**113,843**	**23,009**	**3,629**	**26,638**
Depreciation, amortization and impairment	185,244	196,565	29,702	238,827	268,529
Corporate and brand fees	31,060	29,255	4,991	18,897	23,888
Restructuring and transaction costs	6,944	2,873	1,079	45,290	46,369
Result on disposal and other (gains)	—	—	(10)	(122)	(132)
Adjusted EBITDA at constant MTR	**316,612**	**342,536**	**58,772**	**306,521**	**365,292**

(x) Adjusted to reflect MTRs in effect for the year ended December 2011.

iv Capital expenditure excludes any amounts paid for spectrum allocations. Capital expenditures are defined as cash paid during the period for intangibles assets and property, plant and equipment.

v The financial data presented under the heading "*—Certain Credit Ratio of the Issuers*" includes unaudited consolidated pro forma financial data and as adjusted unaudited consolidated financial data for the Issuer and its subsidiaries on a consolidated basis.

vi *Pro forma* cash interest expense represents the interest expense of the Issuer and the Group in connection with debt incurred under the Existing Notes, the Notes offered hereby and the Revolving Credit Facility (including hedging which we have entered into), excluding the capital lease expense, and assuming that the Acquisition Transactions and the Transactions had occurred on January 1, 2012. It assumes that interest on the Notes offered hereby is fully paid in cash.

vii Existing restricted group debt represents the outstanding debt at the level of Matterhorn Midco and its subsidiaries, including the €155 million aggregate principal amount of the Existing Senior Unsecured Notes and the €225 million aggregate principal amount of Existing Senior Notes, the CHF 450 million aggregate principal amount of Existing Fixed Rate Senior Secured Notes, the €330 million aggregate principal amount of Existing Euro Floating Rate Senior Secured Notes, the CHF 180 million aggregate principal amount of Existing CHF Floating Rate Senior Secured Notes. The Revolving Credit Facility is not currently drawn. Net existing restricted group debt represents existing restricted group debt minus cash and cash equivalents of MMH and Matterhorn Midco. See "*Summary Capitalization*" and "*Description of Certain Financing Arrangements.*"

viii This as adjusted unaudited consolidated financial data has been adjusted to reflect certain effects of the Transactions on the financial position of the Issuer and the Group as of December 31, 2012. See "*Summary Capitalization.*"

ix The ratio of as adjusted total debt to Adjusted EBITDA differs from the definition of "Consolidated Leverage Ratio" contained herein under "*Description of the Notes*" and in the Indenture.

x As adjusted total debt minus as adjusted cash and cash equivalents. See "*Summary Capitalization.*"

xi Source: *TeleGeography*. The mobile penetration rates refer to those for Switzerland.

xii Numbers of subscribers are calculated as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Mobile Subscriber Base*."

xiii ARPU data is calculated as described in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—ARPU*."

Balance Sheet of the Issuer as of December 31, 2012

	December 31, 2012 (expressed in CHF)
ASSETS	
Fixed assets	
Financial assets	
Shares in affiliated undertakings	483,232,017
Current assets	
Cash at bank and in hand	30,400
Total Assets	**483,262,417**
LIABILITIES	
Capital and reserves	
Subscribed capital	96,686,405
Share premium and similar premiums	386,585,612
Result for the financial period	(70,577)
	483,201,440
Non-subordinated debts	
Amounts owed to credit institutions	
becoming due and payable after less than one year	58
Trade creditors	
becoming due and payable after less than one year	58,987
Tax and social security	
Tax	1,932
	60,977
Total Liabilities	**483,262,417**

RISK FACTORS

In addition to the other information contained in this Offering Memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect the business, financial condition and results of operations of the Group. If any of the possible events described below were to occur, the business, financial condition and results of operations of the Group could be materially and adversely affected. If that happens, the Issuer may not be able to pay interest or principal on the Notes when due, and you could lose all or part of your investment.

This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum.

Risks Related to Our Market and Our Business

Equipment and network systems failures could result in reduced user traffic and revenues, require unanticipated capital expenditures or harm our reputation.

Our technological infrastructure is vulnerable to damage and disruptions from numerous events, including fire, flood, windstorms and other natural disasters, power outages, terrorist acts, equipment and system failures, human errors and intentional wrongdoings, including breaches of our network and information technology security. Unanticipated problems at our facilities, network or system failures or the occurrence of such unanticipated problems at the facilities, network or systems of third-party local and long-distance networks on which we rely could result in reduced user traffic and revenues, regulatory penalties and/or penal sanctions or require unanticipated capital expenditures. The occurrence of network or system failure could also harm our reputation or impair our ability to retain current subscribers or attract new subscribers, which could have a material adverse effect on our business, financial condition and results of operations. In addition, our business is dependent on certain sophisticated critical systems, including exchanges, switches and other key network elements and our billing and customer service systems. The hardware supporting those systems is housed in a relatively small number of locations and if damage were to occur to any of these locations, or if those systems develop other problems, such events could have a material adverse effect on our business, financial condition and results of operations.

The Swiss mobile telecommunications market is characterized by competition among existing and potential new mobile network operators.

We face strong competition from established competitors. Our principal competitors in Switzerland are Swisscom and Sunrise. Swisscom, the incumbent telecommunications provider, has significantly larger market share and investment capacity than us and benefits from considerable financing, marketing and personnel resources, brand-name recognition, perceived network quality and customer service, as well as majority Swiss government ownership and long-established relationships with regulatory authorities. Sunrise, our other key competitor in Switzerland, has managed to significantly increase its market share over the past years.

In June 2012, Swisscom announced new flat-rate postpaid mobile plans, which have increased prices on some low-end rate plans, but in many cases have significantly lowered the monthly price of their previous high-end rate plans. Swisscom's flat-rate plans are now based on access speed, which represents a new model not yet tested in the Swiss market. In July 2012, Sunrise followed with an announcement regarding the reduction on some of its postpaid subscription plans. In response to such strategic pricing by its competitors, on July 21, 2012, the Company announced a reduction of select high-end postpaid tariffs on a promotional basis. In September 2012, Sunrise launched a new online only flat rate plan, in response to Swisscom's new flat-rate postpaid mobile plans. Further, in September 2012, Swisscom announced an update on its prepaid plans which will, dependent on usage patterns, decrease the prices for some user groups. In November 2012, we lowered the prices on some selected high-end tariffs. In January 2013, we relaunched our Orange Young offerings, available to customers under 27, which include deals offering not only unlimited calls, unlimited texts and internet access, but also offering our Orange Young customers the chance to enjoy unlimited music with the music streaming service Spotify. In addition, our competitors have at times pursued other aggressive marketing and pricing strategies to retain and expand their market share both with regard to mobile subscribers and contracts with MVNOs and resellers. Any of these marketing or pricing strategies could reduce our margins, dilute our earnings and cause our customers to switch to Swisscom or Sunrise. Our subscriber acquisition and retention costs may increase as a result of significant competition in the mobile telecommunications markets we operate in for new subscribers and/or churning subscribers, which could put further pressure on our earnings. If our competitors continue to reduce their prices, we may further review our pricing strategies in the future.

Our main competitors offer integrated products over their fixed line and/or cable networks, including fixed-mobile services bundles comprising mobile, fixed voice and broadband internet products, as well as "quadruple-play" offerings that combine these three products with television services. Bundled services are expected to become increasingly important and customers that have such services are less likely to switch to a different operator for all or part of the bundled services. We do not currently provide bundled services. We are, therefore, currently unable to compete in the market for bundled services, which may adversely affect our ability both to retain existing customers and to attract new customers, including those who currently subscribe for bundled services from other operators and may be disincentivized to switch operators as a result. If we are not able to successfully compete with other network operators, our business, results and operations and financial condition may be materially and adversely affected.

We also face high levels of competition from MVNOs and resellers.

MVNOs and resellers have been growing their share of the Swiss mobile telecommunications market in the past five years, following an international trend towards increasing diversification in the telecommunications markets. This has increased competition and pricing pressure in our markets, principally in the prepaid market but also increasingly in the postpaid market.

Like all Swiss mobile network operators, we have arrangements with MVNOs and resellers. To mobile network operators, such arrangements generally provide less revenues and lower margins than other services. As a result, the expected increase in market share of MVNO and resellers may reduce our margins and revenues if we fail to increase our own market share.

Aggressive pricing from MVNOs or resellers on our network or on other networks, pressure from resellers and MVNOs on our network for contract terms that are more favorable to them could also increase the competitive pressure and cause our results of operations to decline. See "*—The Swiss mobile telecommunications market is characterized by competition among existing and potential new mobile network operators.*"

Further, a new MNO could successfully enter the mobile telecommunications market in Switzerland. Although the long-term nature of the licenses granted in the recent award of spectrum frequencies could constitute significant barriers to entry for potential new competitors, a new MNO could sign an agreement with one of the three network operators in Switzerland or develop and operate a network infrastructure in a specific geographical region and obtain coverage over the rest of Switzerland by entering into roaming agreements. The entry of a new MNO in the Swiss mobile telecommunications market could materially impact our market share and have corresponding effects on our revenues and results of operations.

If we are unable to compete effectively with MVNOs and resellers, our business, results of operations and financial condition may be materially and adversely affected.

We face increasing competition from alternative telecommunication services, such as OTT.

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

Orange's licenses and permits to provide mobile services have finite terms and any failure to pay for our spectrum allocation or comply with license conditions may jeopardize our licenses and permits, which are required to operate our mobile business.

In February 2012, OFCOM, on behalf of ComCom, auctioned the currently free mobile radio frequencies and those which will become free by 2014 and 2017 respectively, including those of the so-called digital dividend (former broadcasting frequencies). As a result of this new award, Orange obtained 160 MHz spread between the five bands available for a purchase price of CHF 154.7 million. We believe Orange has secured an adequate amount of spectrum until 2028 to keep developing our network and to address our future needs with respect to new generation services. However, we have not paid for these licenses in full and we are required to pay our next installment amounting to 20% by June 30, 2015 and the remaining 20% by December 31, 2016. The first spectrum installment payment of 60% (equivalent to CHF 92.8 million) was made on July 24, 2012. Any failure on our part to pay the outstanding balance in connection with our spectrum licenses as and when it becomes payable may result in the revocation of some or all of our award of spectrum frequencies by OFCOM, which could have a material adverse effect on our business, financial condition and results of operations.

Orange is licensed to provide mobile telecommunications services in Switzerland and Liechtenstein. In Switzerland, Orange's license to operate its GSM network expires on December 31, 2013, and its UMTS license expires on December 31, 2016. Our new license awarded in the 2012 spectrum auction is due to expire on December 31, 2028. This spectrum license is a technology neutral license which includes the 800 MHz, 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz spectrum awarded to us. Orange's licenses to operate point-to-point radio relay systems expire on December 31, 2016.

In Liechtenstein, our license to operate our GSM network expires on November 8, 2017, and our UMTS license expires on December 31, 2016.

In addition, there can be no assurance that the Swiss and/or Liechtenstein regulator will not withdraw Orange's existing licenses if Orange cannot meet the license conditions.

The success of our mobile operations depends on our ability to attract and retain mobile subscribers.

Our ability to attract and retain mobile subscribers or to increase our profitability from existing subscribers will depend in large part on our ability to stimulate and increase subscriber usage, convince subscribers to switch from competing mobile operators to our services and our ability to minimize subscriber deactivation rates, referred to in the industry as customer "churn." Churn is a measure of subscribers who stop purchasing or using our services, leading to reduced revenues. Churn is significantly higher among prepaid customers than postpaid customers. Any increase in customer churn may lead to a need to reduce our costs rapidly to preserve our margins or, alternatively, take measures that will increase our subscriber acquisition and retention costs. There can be no assurances that the various measures we have taken and plan to take to manage churn and increase customer loyalty will reduce our churn rate. In addition, the mobile telecommunications industry is characterized by frequent developments in product offerings, as well as by advances in network and handset technology. If we fail to maintain and upgrade our network and provide our subscribers with an attractive portfolio of products and services, we may not be able to retain subscribers. Likewise, if we fail to effectively communicate the benefits of our network through our marketing and advertising efforts, we may not be able to attract new customers. Our future efforts to attract and retain customers may prove unsuccessful. Additionally, our competitors may improve their ability to attract new subscribers, for example by offering bundled products and triple/quadruple-play offerings that we currently cannot offer, or offer their products or services at lower prices, which would make it more difficult for us to retain our current subscribers, and the cost of retaining and acquiring new subscribers could increase, any of which could have a material adverse effect on our business, financial condition and results of operations.

We do not have direct contracts with all of our key sourcing partners.

Our relationships with certain suppliers of services and equipment are critical to conducting our business. As we focus on the strategic planning and development of our mobile network, we have signed a managed services agreement with Ericsson in December 2012 with a regular term of five years. This agreement covers all of our operations in Switzerland, including network management, field maintenance and spare parts management. In the field of mobile network infrastructure, including maintenance and outsourcing, we entered into a five year agreement with Nokia Siemens Networks in January 2013 to extend our radio access network and supply and build our network to deliver 4G (LTE—long term evolution) services. This turnkey delivery agreement covers all building activities such as site acquisition, build permit procedures, upgrades and hardware maintenance for the Orange mobile network. The scope of our agreements with Ericsson and Nokia Siemens Networks is replacing the agreement that we had with ALU, which expired on December 31, 2012 and has not been renewed. Any failure of these service providers to perform its obligations under the contracts to the satisfaction of our customers could impact our ability to retain and attract customers or offer attractive product offerings. We also depend on other key supply partners such as Swisscom, Sunrise and UPC Cablecom GmbH ("UPC Cablecom") for interconnection, VTX Services for the provision of ADSL and fixed line services, Teleperformance SA (“Teleperformance Schweiz”) regarding the provision of call center services, and Hewlett-Packard Company (“Hewlett-Packard” or “HP”) for IT outsourcing services. In addition, we have relationships with a number of key sourcing partners for mobile network equipment and software, handsets and other retail equipment, including Apple.

In addition, we have entered into agreements with regard to the supply of equipment and services with members of the FT Group or FT-related procurement entities. We do not have direct operational or financial control over our service providers, suppliers and sourcing partners and have limited influence with respect to the manner in which they conduct their businesses.

Any failure of a supplier, service provider or sourcing partner to perform its obligations under the contracts to the satisfaction of our customers could impact our ability to retain and attract customers or offer attractive product offerings. Our ability to maintain and grow our subscriber base depends in part on our ability to source adequate supplies of network equipment, mobile handsets and software in a timely manner and in sufficient quantities from these suppliers. Our reliance on these suppliers and sourcing partners may expose us to risks related to interruptions, delays in the delivery of their products and services or significant costs. Suppliers are at times subject to supply constraints, particularly when there is high demand for a particular product, such as the iPhone, or during the winter holiday season. We have, from time to time, experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors, as well as quality control problems with service providers. We may also not be able to recover monies paid to such suppliers or obtain contractual damages to which we may be entitled (if any) in the event our suppliers fail to comply with their obligations in a timely manner.

If we experience a significant disruption in our supply of equipment and services from key sourcing partners and/or a significant change in the terms on which we do business with them, our business, results of operations and financial condition may be materially and adversely affected.

If we are unable to identify, complete and successfully integrate acquisitions, our ability to grow our business may be limited and our business, financial condition and results of operations may be adversely impacted.

We may make strategic acquisitions that involve significant risks and uncertainties. These risks and uncertainties include:

- we may not be able to find suitable businesses to acquire at affordable valuations or on other acceptable terms;
- competition for acquisition targets, which may lead to substantial increases in purchase prices;
- our continued dependence on access to capital;
- our proposed acquisitions may be prohibited by certain antitrust or other regulatory laws;
- the diversion of management’s attention from existing operations to the integration of acquired companies;
- our inability to realize expected cost savings and synergies;
- expenses, delays and difficulties of integrating acquired businesses into our existing business structure; and
- difficulty in retaining key customers and management personnel.

We may not be able to identify, complete and successfully integrate acquisitions in the future, and our failure to do so may limit our ability to grow our business. If we are unable to continue to acquire and efficiently integrate suitable acquisition candidates, our ability to increase our revenues may be adversely impacted.

The telecommunications industry has been, and will continue to be, significantly affected by rapid technological change and we may not be able to effectively anticipate or react to these changes.

The telecommunications industry is characterized by rapidly changing technology and related changes in customer demand for new products and services at competitive prices. Recently, the market has witnessed the emergence of, or increased demand for, new technologies. Technological change and the emergence of alternative technologies for the provision of telecommunications services that are technologically superior, cheaper or otherwise more attractive than those that we provide may render our services less profitable, less viable or obsolete.

Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry. Our competitors or potential new market entrants may introduce new or technologically superior telecommunications services before we do. In particular, Swisscom, due to its strong position and both financial and investment capacity, has the ability to create new market standards by quickly introducing new advanced technologies, such as HSPA+ and 3GPP Long Term Evolution ("LTE") mobile networks. We may be required to deploy new technologies rapidly if, for example, subscribers begin demanding features of a new technology, such as increased bandwidth or LTE, or if one of our competitors decides to emphasize a newer technology in its marketing. At the time we select and advance one technology over another, or decide on whether to emphasize on a specific technology, it may not be possible to accurately predict which technology may prove to be the most economical, efficient or capable of attracting subscribers or stimulating usage, or how rapidly any competitor focuses on a particular new technology, and we may develop or implement a technology that does not achieve widespread commercial success or that is not compatible with other newly developed technologies.

In addition, we may not receive the necessary licenses to provide services based on these new technologies in the markets we operate in or may be negatively impacted by unfavorable regulation regarding the usage of these technologies. If we are unable to effectively anticipate, react to or access technological changes in the telecommunications market or to otherwise compete effectively, we could lose subscribers, fail to attract new subscribers or incur substantial costs and investments in order to maintain our subscriber base, all of which could have a material adverse effect on our business, financial condition and results of operations.

Our business is capital intensive. We cannot assure you that we will have sufficient liquidity to fund our capital expenditure programs or our ongoing operations in the future.

Our business is capital intensive and requires significant amounts of investments. We have an extensive ongoing capital expenditure program that will continue to require significant capital outlays in the foreseeable future, including the continued renewal/swap of equipment at all of our access network sites, expansion of our network coverage and our IT transformation. We may also need to invest in new spectrums, networks and technologies in the future, including regarding LTE. If network usage develops faster than we anticipate, we may require greater capital investments in shorter time frames than we anticipate and we may not have the resources to make such investments. In addition, costs associated with the licenses and spectrums that we need to operate our existing networks and technologies and those that we may acquire and/or develop in the future, as well as costs and rental expenses related to their deployment, could be significant. We made the first spectrum installment payment of CHF 92.8 million on July 24, 2012 and we plan to fund the second installment payment of 20%, which is due by June 30, 2015 and the third installment payment of 20%, which is due by December 31, 2016, with cash from operations. The amount and timing of our future capital requirements may differ materially from our current estimates due to various factors, many of which are beyond our control. We may also be required to raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We may not be able to accomplish any of these measures on a timely basis or on commercially reasonable terms, if at all. We may not generate sufficient cash flows in the future to meet our capital expenditure needs, sustain our operations or meet our other capital requirements, which may have a material adverse effect on our business, financial condition and results of operations.

Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas.

Various reports have alleged that there may be health risks associated with the effects of electromagnetic signals from antenna sites, mobile handsets and other mobile and wireless telecommunications devices. We cannot assure you that further medical research and studies will not establish a link between electromagnetic signals or radio frequency emissions and these health concerns. The actual or perceived risk of mobile and wireless telecommunications devices, press reports about risks or consumer litigation relating to such risks could adversely affect the size or growth rate of our subscriber base and result in decreased mobile usage or increased litigation costs. We are currently party to a number of pending proceedings in which plaintiffs are seeking prohibition of antenna construction and/or compensation for damages caused by planned antenna construction based *inter alia* on alleged exposure to electromagnetic radiation from our technology. In addition, these health concerns may cause the Swiss authorities to impose stricter regulations on the construction of base stations or other telecommunications network infrastructure. In particular, public concern over actual or perceived health effects related to electromagnetic radiation may result in increased costs related to our networks, which may hinder the completion or increase the cost of network deployment, reduce the coverage of our network and hinder the commercial availability of new services. If actual or perceived health risks were to result in decreased mobile usage, increased consumer litigation or stricter regulation, our business, financial condition and results of operations could be materially and adversely affected.

We are also subject to a variety of laws and regulations relating to land use and the protection of the environment, including those governing the storage, management and disposal of hazardous materials and the clean-up of contaminated sites. We could incur substantial costs, including clean-up costs, fines, sanctions and third-party claims for property damage or personal injury, as a result of violations of, or liabilities under, such laws and regulations. In addition, we are involved in numerous pending administrative proceedings regarding antenna sites and several respective private legal proceedings. A negative outcome of these proceedings could have a negative impact on our ability to maintain existing or set up new antennas and thus a negative impact on the coverage of our network. Furthermore, a finding in the courts that we are liable for any loss or damage could have a negative impact on our future operations and could materially and adversely affect our business, results of operations and financial condition.

Our business may be adversely affected by our ability to maintain and increase our network coverage.

The coverage of our network depends on our ability to maintain existing and to build up new antennas for our network. Our antennas are generally built on land owned by third parties, the use of which is secured by way of lease agreements. If we are not able to renew our current lease agreements for antenna sites and/or to enter into new lease agreements for suitable alternate antenna sites, this could have a negative impact on the coverage of our network.

Furthermore, certain regulatory approvals, such as new build permits, may be required to operate antenna sites with other frequencies /frequency bands, in particular where the shift is made from a higher frequency band (e.g., 1800 MHz) to a lower frequency band (e.g., 900 MHz). To the extent that we seek to operate antenna sites with other frequencies/frequency bands in the future, failure to obtain such regulatory approvals could have a negative impact on the coverage of our network. Any such negative impact on the coverage of our network could materially and adversely affect our business, results of operations and financial condition.

We are subject to extensive regulation and have recently been, and may in the future be, adversely affected by regulatory measures applicable to us.

Our activities as a mobile network operator in Switzerland are subject to regulation and supervision by various Swiss national authorities, in particular ComCom and OFCOM. In addition to ComCom and OFCOM, ComCo and the regulatory agency which supervises prices of mobile services are involved in regulatory issues relating to the telecommunications sector. While Switzerland is not a member of the European Union and is therefore not subject to the EU telecommunications regulation, liberalization of the Swiss telecommunications market has moved in parallel with the deregulation in the EU. The structure of the mobile market in Switzerland shows three important market participants (Swisscom, Sunrise and Orange). In the past, the mobile communication market in Switzerland has been investigated by the Competition Commission (MTRs). However, there is no pending investigation involving us. If the Competition Commission based on future market observations would take note of parallelisms in the market, it may not be excluded that the authority will, due to the oligopolistic market structure, review such parallelisms under the aspect of collective dominance. Other regulatory restrictions that apply to businesses generally may be relevant on the conduct of our business as well, such as the prohibition to bundle certain services. Further, our mobile telecommunications services rely on licenses to use certain radio frequencies. These licenses are limited in time and subject to renewal. Also, if we are successful in obtaining renewals, we may not reliably predict the financial and other conditions at which such renewals will be granted.

There are currently no regulations in place for international roaming tariffs that materially affect our business; however, this could change and the laws could be revised, for example through bilateral agreements with the European Union in order to harmonize international roaming tariffs. Several political initiatives have also been introduced in the Swiss parliament to reduce international roaming tariffs. Any such changes could reduce revenue both from our own subscribers roaming on other networks and from other networks' subscribers onto our network. In September 2011, the National Council (*Nationalrat*) voted in favor of a motion brought by a member of Swiss Parliament to define maximum limits on international roaming prices. A similar motion was again passed by the National Council on March 12, 2013. On March 19, 2013, the Council of States (*Ständerat*) stayed the discussion of the motions and requested a report from the Federal Council explaining how the international use of voice and data communication is expected to develop technically in the future (e.g. "local breakout"). This report has to be submitted to the Swiss Parliament by the end of 2014. Therefore, we cannot exclude the possibility that in the future the Swiss legislator will enact rules limiting international roaming prices billed by Swiss telecommunications providers.

Changes in laws, regulations or governmental policy or the interpretation or application of those laws or regulations affecting our activities and those of our competitors could greatly influence our viability and how we operate our business and introduce new products and services. Further liberalization of the access regime, for example, may subject our mobile infrastructure to certain duties to grant access at regulated conditions and impact our margins. More generally, our ability to compete effectively in our markets could be adversely affected if regulators decided to further expand the restrictions and obligations to which we are subject, or extend such restrictions and obligations to new services and markets, or otherwise adopt regulations. Any such changes in law, decisions by regulators or decisions regarding the granting, amendment or renewal of licenses, to us or to third parties, could materially and adversely affect our business, financial condition and results of operations.

We are exposed to decreases in MTRs and other rates such as roaming tariffs.

In Switzerland, the fees for access and interconnection that mobile operators charge for calls terminating on their respective networks are determined through bilateral agreements setting out MTRs between operators, rather than ex ante by a regulatory authority, as is the case in the European Union. To the extent operators cannot mutually agree to MTRs applicable to each of them, the Swiss regulatory authorities are entitled to intervene ex-post to determine the rates applicable to each operator. While Switzerland is not a member of the European Union and not subject to EU telecommunications regulation, MTRs in Switzerland, in particular for mobile voice, have followed, and are expected to continue to follow, the decline in MTRs experienced in EU-member States. The MTRs for 2011 will be valid until June 30, 2013, but an agreement has been reached by us, Swisscom and Sunrise, which defines the level of the MTRs until mid-2015. However, in case a third party does file an application at ComCom with the request to set MTRs (after having not reached an agreement with us, Sunrise or Swisscom during 3 months of negotiation), each party may ask ComCom at any time to determine the MTRs based on the then applicable rules of the Swiss Telecommunications Act. In such case, ComCom could choose to determine MTRs in a way which could result in lower MTRs. Because MTRs are a key driver of our access and interconnection revenues (for calls that terminate on our mobile network) and of our access and interconnection expenses (for calls that terminate on the network of other mobile network operators), any decrease in MTRs has a direct impact on our revenues and on our profitability. As we do not have a landline business, we are comparatively more affected by reductions in MTRs than our main competitors Swisscom and Sunrise, who operate a fixed line business as well. A further reduction in MTRs could reduce our revenues and operating income in the future, which could have a material adverse effect on our business, financial condition and results of operations.

We generate almost all of our revenues and operating income from our activities in Switzerland.

We generate almost all of our revenues and operating income from our activities in Switzerland. Demand for our products and services in Switzerland is influenced by a number of factors, including the strength of the Swiss economy. Negative developments in, or the general weakness of, the Swiss economy may have a direct negative impact on the spending patterns of our customers and the willingness of business customers to make investments, which could adversely affect our revenues and profitability. In addition, a weakening economy may lead to a higher number of defaults by customers and business partners. Therefore, if unemployment rates increase, or there is a renewed fall in outputs, or if the economy, in particular in Switzerland, does not recover as expected or weakens, our growth targets may be jeopardized and our business, financial condition and results of operations may be materially and adversely affected. Similarly, economic effects outside of Switzerland may also impact our business, particularly our revenues from international interconnection fees and visitor roaming fees.

If we fail to maintain or further develop our direct and indirect distribution and customer care channels, our ability to sustain and further grow our subscriber base could be materially and adversely affected.

We depend on third parties and our internal channels to market, sell and provide a significant portion of our products and services. We distribute our products and services both directly through a network of currently around 89 of our own shops, the Internet and further direct marketing channels, as well as indirectly through partners' point-of-sales and a network of non-exclusive distributors, including Mobile Zone AG ("Mobilezone"), Swiss Post Ltd ("Swiss Post"), Interdiscount AG ("Interdiscount") and Media Markt Zurich AG ("Mediamarkt").

We intend to continue to develop our direct distribution channel, for example by opening additional points of sale, which will require significant capital expenditures. The costs associated with opening additional shops may be significant and we may not be able to recoup such costs or increase our revenues by expanding our distribution presence. In particular, if we are not able to renew or replace our current shop leases or enter into new leases for shops on favorable terms, or any of our current leases are terminated prior to their stated expiry date and we cannot find suitable alternate locations, our growth and profitability could be harmed.

Additionally, if we fail to maintain our key distribution relationships, or if our distribution partners fail to procure sufficient subscribers for any reason, or if we fail to expand our direct and indirect distribution presence, our ability to retain or further grow our market share in the markets we operate could be adversely affected. In addition, the subscriber acquisition and retention costs associated with maintaining or further growing our subscriber base through both direct channels and indirect channels could materially increase in the future. These factors in turn could have a material adverse effect on our business, financial condition and results of operations. If any of our distribution relationships are terminated we may face claims from the respective counterparty for compensation for clientele pursuant to Swiss law. If such claims were successful and the respective distributors were awarded a compensation for clientele, this may have a material adverse effect on our business, results of operations and financial condition.

We depend on our wholesale reseller and MVNO partners to access a broader and more diverse base of subscribers and grow our subscriber base.

We compete with MVNOs and resellers, but we also depend on them to expand our reach to new customer segments, in particular in more mass-market segments. Our MVNO and reseller partners, however, may terminate their relationships with us or discontinue their services on relatively short notice, including, in the case of MVNOs, to start offering their services through the network of one of our competitors, and we may, in future, be unable to renew our existing arrangements with them on commercially favorable terms. For example, historically, a significant proportion of our revenues and operating income from MVNOs have been attributable to our contract with Lycamobile AG (“Lycamobile”), which terminated in March 2013. In addition, we signed an MVNO agreement with UPC Cablecom but it has the right to terminate this agreement with us before the public commercial launch, which we expect in the last quarter of 2013 or the first quarter 2014.

Upon rebranding in the future, we may need to renegotiate our agreements with wholesale resellers of co-branded products. Our inability to maintain or renew our existing partnerships with MVNOs and resellers or attract new MVNOs and resellers could damage our reputation, prevent us from further growing and diversifying our subscriber base, and have a material adverse effect on our business, financial condition and results of operations.

We depend on third-party telecommunications providers over which we have no direct control for the provision of certain of our services.

Our ability to provide high-quality telecommunications services depends on our ability to interconnect with the telecommunications networks and services of other telecommunications operators, particularly those of our main competitors Swisscom and Sunrise, as well as the networks of UPC Cablecom and VTX Services. As such, the prices which they charge alternative operators, including us, for wholesale services they provide have a direct impact on our profitability. Further, the potential failure of any of the third-party telecommunications providers we (directly or indirectly) rely on for our access to infrastructure to comply with the current agreements relevant for our access or technical defaults, may create interruptions or quality problems with our telecommunications services. In addition, we face the risk that any relevant agreements with third-party telecommunications provider are not extended or are extended at less favorable conditions.

We also rely on third-party operators for the provision of international roaming services for our mobile subscribers. While we have interconnection and roaming agreements in place with other operators, we do not have direct control over the quality of their networks and the interconnection and roaming services they provide. Additionally, our counterparties may decide to charge additional fees for our use of their networks, such as termination fees for SMS services. Even if we attempt to offset such fees by implementing similar fees ourselves, we may not be able to offset the added costs. In certain cases, these agreements can be terminated by our counterparties upon a reasonably short notice. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to us on a consistent basis, could result in a loss of subscribers or a decrease in traffic, which would reduce our revenues and adversely affect our business, financial condition and results of operations.

In connection with the Acquisition, on December 23, 2011, we entered into an agreement relating to roaming with France Telecom, which became effective on the Completion Date. The agreement covers the period from 2012 through 2015, sets forth general principles governing inter-operator tariffs between the FT Group and us and clarifies the circumstances under which we may benefit from agreements between the FT Group and third-party operators. However, the roaming agreement may be terminated by either party in certain circumstances, including if we or France Telecom commit a material breach of the agreement, if we undergo certain change of control events or if a competitor purchases shares in us. Please see “*Business—Business Operations—Certain Contracts Relating to the Operation of Our Business— International Roaming Agreement*.”

We may not be able to attract and retain key personnel and may experience difficulty or incur costs in replacing such personnel and in integrating new personnel.

Our success and our growth strategy depend in large part on our ability to attract and retain key management, marketing, finance and operating personnel. There can be no assurance that we will continue to attract or retain the qualified personnel needed for our business. Competition for qualified senior managers in our industry is intense and there is limited availability of persons with the requisite knowledge of the telecommunications industry and relevant experience in Switzerland. To the extent that the demand for qualified personnel exceeds supply, we could experience a delay or higher labor costs in order to attract and retain qualified managers and personnel from time to time. In addition, as new personnel join our management, particularly at the senior management level, we may face a number of challenges typically associated with the integration and assimilation of new managers and key personnel, such as changes in organizational and reporting structures, the need to recruit additional new personnel or the departure of existing personnel. An inability to address these challenges can result in the diversion of management's attention from the management of our daily operations and adversely affect our ability to successfully implement our strategy. Our failure to recruit and retain key personnel or qualified employees, or effectively integrate new managers and other key personnel, could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully implement the rebalancing of our resources.

On February 15, 2013, we announced a transformation program designed to reduce operating costs and make our business more customer-focused. As part of this program, we aim to rebalance our resources, including through workforce reductions. During 2013, we plan to reduce our workforce by up to 140 full time employees. The initial phase, which was implemented in March 2013, led to a reduction of 68 full time employees, mostly in corporate functions. In a second phase later in 2013, further employment reductions will be implemented, which will enable us to modernize and simplify our business processes. The implementation of such workforce reductions may be subject to employment disputes that may harm our reputation. Furthermore, our inability to implement such measures could damage our reputation, prevent us from further growing and diversifying our subscriber base and have a material adverse effect on our business, financial condition and results of operations.

Continuing uncertainties and challenging conditions in the global economy may adversely impact our business, financial condition and results of operations.

The current macroeconomic environment is highly volatile, and continuing instability in global markets, including the ongoing turmoil in Europe related to sovereign debt and the stability of the euro, has contributed to a global economic downturn. Future developments are dependent upon a number of political and economic factors, including the effectiveness of measures by the European Commission to address debt burdens of certain countries in Europe and the overall stability of the euro zone. Concerns persist regarding the debt burden of certain eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual member states of the eurozone. These and other concerns could lead to the re-introduction of individual currencies in one or more member states of the eurozone, or, in particularly dire circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations and for parties subject to other contractual provisions referencing the euro would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated and, as we have a substantial amount of debt denominated in euro, our financial condition may be materially affected. As a result, we cannot predict how long these challenging conditions will exist or the extent to which the markets in which it operates may further deteriorate.

These unfavorable economic conditions may impact a significant number of subscribers and, as a result, it may, among others, be more (i) difficult for us to attract new subscribers, (ii) likely that subscribers will downgrade or disconnect their services and (iii) difficult for us to maintain ARPUs at existing levels. Accordingly, our ability to increase, or, in certain cases, maintain, the revenue, ARPUs, operating cash flow, operating cash flow margins and liquidity of our operating segments could be adversely affected if the macroeconomic environment remains uncertain or declines further. We are currently unable to predict the extent of any of these potential adverse effects.

Our pension liability may reduce our cash flows, profitability, financial condition, net assets, distributable reserves and our ability to pay dividends.

We operate a "defined contribution plan with minimum interest guarantee" pension scheme that, due to certain guarantees that the plan is required to provide under Swiss legislation, is treated as a defined benefit agreement for the purposes of IFRS. As of December 31, 2012, the Group had a pension liability of CHF 52 million (under IFRS). The pension liability could further increase depending, among other things, on changes in the valuation of publicly-traded equities, exchange rates and interest rates.

Should the Swiss actuarial valuation at any time disclose a significant underfunding of our pension fund, we could be obliged to make additional contributions into the pension plan in addition to the normal contributions defined in the pension plan regulations. Such contributions may adversely affect our ability to distribute dividends or service our debt and generally have a material adverse effect on our business, financial condition and results of operations.

We face legal and regulatory dispute risks.

On December 5, 2011 the Swiss Federal Arbitration Commission for the rights on copyrights and neighboring rights (*Eidgenössische Schiedskommission für die Verwertung von Urheberrechten und verwandten Schutzrechten*) determined the tariff for the copying of protected intellectual property onto mobile handsets by private individuals for the period from January 1, 2012 to December 31, 2013. Pursuant to this decision, manufacturers and importers of certain handsets that allow the storage and playing of music (*Musikhandys*) must pay compensation in the amount of CHF 0.219 per gigabyte of memory. An appeal against this decision has been filed with the Federal Administrative Court and is currently pending. Should the Federal Administrative Court uphold this decision, we would be liable to pay approximately CHF 150,000 per month from January 1, 2012 through December 31, 2013.

On November 17, 2011 the Swiss Federal Arbitration Commission for the rights on copyrights and neighboring rights decided on a tariff to provide compensation for the copying of protected intellectual property onto mobile handsets by private individuals. Pursuant to this decision, manufacturers and importers of certain handsets that allow the storage and playing of music must pay compensation in the amount of CHF 0.25 per gigabyte of memory. That tariff will apply retrospectively from July 1, 2010 until December 31, 2011. An appeal against this decision has been filed with the Federal Administrative Court and is currently pending. Should the Federal Administrative Court uphold this decision, we would be liable to pay approximately CHF 1.5 million for the period from July 1, 2010 to December 31, 2011.

There are approximately 100 pending network cases (related to specific antenna sites), which can be split into three categories (i) appeals against the relevant building permit applications for antenna sites (approximately 70% of the total cases), where in case of a negative outcome, we would not be allowed to build or upgrade such site(s), (ii) appeals against the termination of site lease contracts (approximately 20% of the total cases), where in case of a negative outcome, we would be obliged to dismantle such site, losing the related revenues and face the investment for the acquisition of a replacement site, and (iii) appeals against newly established planning zones (approximately 10% of the total cases). Appeals against the relevant building applications are usually based on aesthetics and health-related concerns, claims for spatial planning coordination and claimed diminution of value.

In addition, we are subject to numerous risks relating to legal and civil, tax, regulatory and competition proceedings to which we are a party or in which we are otherwise involved or which could develop in the future, and certain of these proceedings (or proceedings in which we may become involved), if adversely resolved, could have a material adverse effect on our business, results of operations and financial condition. Furthermore, our involvement in legal, regulatory and competition proceedings may harm our reputation. We cannot assure you what the ultimate outcome of any particular legal proceeding will be.

We collect and process subscriber data as part of our daily business and the leakage of such data may violate laws and regulations which could result in fines, loss of reputation and subscriber churn and adversely affect our business.

We collect, store and use data in the ordinary course of our operations that is protected by data protection laws. Although we take precautions to protect subscriber data in accordance with the privacy requirements provided for under applicable laws, we may fail to do so and certain subscriber data may be leaked as a result of human error or technological failure or otherwise be used inappropriately. We work with independent and third-party sales agents, service providers and call center agents, and we cannot exclude that such third parties could also experience system failures involving the storing or the transmission of proprietary information. Violation of data protection laws may result in fines, loss of reputation and subscriber churn and could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Financial Profile

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes.

We are highly leveraged. As of December 31, 2012, as adjusted to give effect to the Transactions, the Issuer and its subsidiaries would have had total debt of CHF 1,793 million. See *"Summary Capitalization."*

The degree to which we are leveraged and will be leveraged following the issuance of the Notes could have important consequences to holders of the Notes in this Offering, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, spectrum license payments, acquisitions, joint ventures, product research and development, subscriber acquisition costs or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the cost of any such borrowing.

In addition, to the extent that the Issuer pays PIK Interest, our leverage will further increase, and with compounding effects the principal value of the Notes may grow substantially.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture will restrict and the Existing Indentures restrict, among other things, the ability of the Issuer and/or its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Issuer or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates; and
- consolidate or merge with other entities.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*" and "*Description of Certain Financing Arrangement—Existing Senior Unsecured Notes,*" "*Description of Certain Financing Arrangement—Existing Senior Notes*" and "*Description of Certain Financing Arrangement—Existing Senior Secured Notes.*" The covenants to which the Issuer and its restricted subsidiaries are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, the Group is subject to the affirmative and negative covenants contained in the Revolving Credit Facility. In particular, the Revolving Credit Facility requires us to maintain specified financial condition and satisfy a financial condition test which will become more restrictive over the life of such indebtedness. Our ability to meet that financial ratio test may be affected by events beyond our control, and we cannot assure you that we will meet it. A breach of any of those covenants or that ratio test or other restrictions could result in an event of default under the Revolving Credit Facility. Upon the occurrence of any event of default under the Revolving Credit Facility, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facility and elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, any default under the Revolving Credit Facility could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture and the Existing Indentures. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate or raise.

Our ability to make principal or interest payments when due on our indebtedness, including the Revolving Credit Facility and our obligations under the Existing Notes and the Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "*Risk Factors*," many of which are beyond our control. Our Revolving Credit Facility will mature in 2018, the Existing Senior Secured Notes and the Notes will mature in 2019 and the Existing Senior Notes and the Existing Senior Unsecured Notes will mature in 2020. See *"Description of Certain Financing Arrangements*" and "*Description of the Notes.*" At the maturity of the Revolving Credit Facility, the Existing Senior Secured Notes, the Existing Senior Notes, the Existing Senior Unsecured Notes and the Notes or any other debt which we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to refinance our indebtedness. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business activities or capital expenditures, sell assets, or raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of our Revolving Credit Facility, the Existing Indentures and the Indenture and any future debt may limit our ability to pursue any of these measures.

Despite our current level of indebtedness, we may still be able to incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Notes, and impair our ability to operate our businesses.

We may incur substantial additional debt in the future. Any debt that we incur at our subsidiary level would be structurally senior to the Notes, and other debt could be secured or could mature prior to the Notes. Although the Revolving Credit Facility and the Existing Indentures contain, and the Indenture will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition, the Issuer may accrue PIK Interest under the Notes, which will increase the amount of the Issuer's outstanding debt in the future.

If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face would increase. Increases in our total indebtedness could also lead to a downgrade of the ratings assigned to the Group or the Notes, which could negatively affect their trading price. In addition, the Revolving Credit Facility and the Existing Indentures do not, and the Indenture will not, prevent us from incurring obligations that do not constitute indebtedness under those agreements.

The loans under our Revolving Credit Facility and the Existing Euro Floating Rate Senior Secured Notes and the Existing CHF Floating Rate Senior Secured Notes bear interest at floating rates. Such floating rates could rise significantly, increasing our costs and reducing our cash flow.

The loans under our Revolving Credit Facility will bear interest at floating rates of interest per annum equal to LIBOR and/or Euribor, as adjusted periodically, plus a spread. We are also exposed to floating interest rates associated with the Existing Euro Floating Rate Senior Secured Notes and the Existing CHF Floating Rate Senior

Secured Notes. These interest rates could rise significantly in the future. Although we have entered into certain hedging arrangements designed to fix a portion of these rates with respect to the Existing Euro Floating Rate Senior Secured Notes and may enter into similar hedging arrangements with respect to the Existing CHF Floating Rate Senior Secured Notes, there can be no assurance that such hedging will continue to be available on commercially reasonable terms for as long as such indebtedness remains outstanding. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

Exchange rate fluctuations could adversely affect our financial results.

Some of our debt service requirements are denominated in euro even though substantially all of our cash flow from operations is generated in Swiss francs. Significant changes in the value of the Swiss franc relative to the euro could have a material adverse effect on our financial condition and our ability to meet interest and principal payments on euro-denominated debt, including the Existing Senior Notes, the Existing Euro Floating Rate Senior Secured Notes (other than the Existing CHF Floating Rate Senior Secured Notes), the Existing Senior Unsecured Notes, the Notes and borrowings under the Revolving Credit Facility.

We may be subject to financial risks related to Swiss and foreign tax compliance.

We have and continue to develop our business by implementing new products and internal process changes. As we operationalize these changes, we cannot assure what the ultimate outcome of any particular direct or indirect tax audit would be. Legislative changes in particular can have implications on our process streams and controls. In addition, as some of our network equipment is located outside of Switzerland, we may be subject to an extended taxation, due to the fact that such equipment could be linked to the definition of a "Permanent Establishment" ("PE") according to the OECD guidelines. We continue to assess and manage any tax issues in relation to possible PE topics.

Our cross-currency swap agreements may expose us to credit default risks and potential losses if our counterparties fall into bankruptcy.

We have entered into currency hedging agreements to hedge our exposure to fluctuations in foreign currency exchange rates under the Existing Euro Floating Rate Senior Secured Notes and the Existing Senior Notes and we may enter into interest hedging agreements with respect to the Existing CHF Floating Rate Senior Secured Notes and/or similar currency hedging agreements with respect to the Existing Senior Unsecured Notes and the Notes offered hereby. Under these agreements, we are exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate hedging agreements, we may be required to make termination payments, which would result in a loss.

Risks Related to the Notes and to Our Structure

The collateral may not be sufficient to secure the obligations under the Notes.

The Notes will be secured by security interests in the collateral described in this Offering Memorandum. The collateral may also secure additional debt to the extent permitted by the terms of the Indenture. The value of the collateral and the amount to be received upon an enforcement of such collateral will depend upon many factors, including, among others, the ability to sell the collateral in an orderly sale, economic conditions where operations are located and the availability of buyers. The book value of the collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the collateral may be illiquid and may have no readily ascertainable market value. Similarly, we cannot assure you that there will be a market for the sale of the collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding.

It may be difficult to realize the value of the collateral securing the Notes.

The collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and accepted by other creditors that have the benefit of priority security interests in the collateral securing the Notes from time to time. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the Notes, as well as the ability of the Security Trustee to realize or foreclose on such collateral. Furthermore, the ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests of the Security Trustee will be subject to practical problems generally associated with the realization of security interests in collateral. For example, under Luxembourg law, the enforcement of a share pledge, whether by means of a sale or an appropriation, is subject to certain specific requirements. The Security Trustee may also need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Trustee will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Trustee may not have the ability to foreclose upon those assets, and the value of the collateral may decline significantly.

The security interests in the collateral will be granted to the Security Trustee rather than directly to the holders of the Notes. The ability of the Security Trustee to enforce certain of the collateral may be restricted by local law.

The security interests in the collateral that will secure our obligations under the Notes will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Trustee. The Indenture will provide that only the Security Trustee has the right to enforce the security documents. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the collateral securing the Notes, except through the Trustee, which will (subject to the applicable provisions of the Indenture) provide instructions to the Security Trustee in respect of the collateral.

The appointment of a foreign security agent will be recognized under Luxembourg law, (i) to the extent that the designation is valid under the law governing such appointment and (ii) subject to possible restrictions, depending on the type of the security interests. Generally, according to paragraph 2(4) of the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements, a security (financial collateral) may be provided in favor of a person acting on behalf of the collateral taker, a fiduciary or a trustee in order to secure the claims of third-party beneficiaries, whether present or future, provided that these third-party beneficiaries are determined or may be determined. Without prejudice to their obligations vis-à-vis third-party beneficiaries of the security, persons acting on behalf of beneficiaries of the security, the fiduciary or the trustee benefit from the same rights as those of the direct beneficiaries of the security aimed at by such law.

The Issuer is a holding company dependent upon cash flow from subsidiaries to meet its obligations on the Notes.

The Issuer is a holding company with no independent business operations or significant assets other than investments in its subsidiaries. Repayment of our indebtedness, including under the Notes, is dependent on the ability of our subsidiaries to make such cash available to us, by dividend distributions, debt repayment, loans or otherwise. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness, or by law, in their ability to make distributions or advance upstream loans to enable us to make cash payments in respect of our indebtedness, including the Notes. Each subsidiary of ours is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

Various agreements governing our indebtedness may restrict and, in some cases may actually prohibit, the ability of our subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In particular, the ability of MMH, Matterhorn Midco and Orange to pay dividends will generally be limited to the amount of distributable reserves available. Under Swiss law, all dividends may only be distributed out of distributable reserves, and, in principle, interim dividends are not allowed under Swiss law. However, it is uncertain under Swiss law whether interim dividends may be allowed in certain circumstances, subject to strict conditions. Under Luxembourg law, all dividends may only be distributed out of distributable reserves that they have, and any interim dividend distribution by a public limited liability company shall be subject to strict conditions.

The inability to transfer cash among entities within their respective consolidated groups may mean that, even though the entities, in aggregate, may have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from one entity in their restricted group to another entity in their restricted group in order to make payments to the entity owing the obligations.

As of December 31, 2012, as adjusted to give effect to the Transactions, the Issuer and its subsidiaries would have had total indebtedness of approximately CHF 1,793 million which includes indebtedness of its subsidiaries of approximately CHF 1,489 million and would have had an additional CHF 100 million available for revolving borrowings under the Revolving Credit Facility Agreement. Although the Indenture limits the incurrence of indebtedness and the issuance of preferred stock by the Issuer and its restricted subsidiaries, such limitation is subject to a number of significant qualifications.

There are circumstances other than repayment or discharge of the Notes under which the collateral securing the Notes will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the collateral securing the Notes will be released automatically, including, without limitation:

- in the case of collateral, in connection with any sale or other disposition to any third party of the property or assets constituting collateral, so long as the sale or other disposition is permitted by the Indenture;
- in accordance with the "*Amendments and Waivers*" provisions of the Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and Discharge*;"
- with respect to the property and assets securing the Notes, automatically if a security interest granted in favor of public debt or such other; or
- indebtedness that gave rise to the obligation to grant the security interest over such property and assets is released (other than pursuant to the payment and discharge thereof).

Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such collateral and thus reduce your recovery under the Notes.

Your rights in the collateral may be adversely affected by the failure to perfect security interests in the collateral.

Under applicable law, a security interest in certain assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens on the collateral securing the Notes may not be perfected with respect to the claims of the Notes if we, or the Security Trustee, fail or are unable to take the actions required to perfect any of these liens.

Under Luxembourg law, contracts are formed by the mere agreement (*consentement*) between the parties thereto. However, additional steps are required to enforce security interests against third parties.

Securities such as pledges, and transfer of ownership as a security, granted on financial instruments and claims are governed by the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements. Pursuant to this law, a pledge is effected, not by transfer of title, but by a transfer of possession of the pledged assets to the pledgee or to a third party acting as depository for the pledgee and the pledgee's preference rights over the pledged assets only remain in existence as long as the pledgee or the depository remains in possession of such assets. A physical transfer of possession not being possible for intangibles such as monetary claims, the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements provides for a fictitious transfer of possession which is effected by mechanisms which depend on the nature of the intangibles involved. In case of registered shares, the dispossession is achieved by the entry of the security interest in the register of the issuer. Dispossession of cash collateral or rights under contracts is achieved by the security interest thereon being notified by the debtor/ co-contractor or by the acceptance thereof by the debtor of such claims or the co-contractor.

Absent perfection, the holder of the security interest may have difficulty enforcing such holder's rights in the collateral with regard to third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same collateral. In addition, a debtor may discharge its obligation by paying the security provider until, but not after, the debtor receives a notification of the existence of the security interest granted by the security provider in favor of the security taker over the claims the security taker (as creditor) has against the debtor. Finally, since the ranking of pledges is determined by the date on which they became enforceable against third parties, a security interest created on a later date over the same collateral, but which come into force for third parties earlier (by way of registration in the appropriate register or by notification) has priority.

Each security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability.

The obligations of the Issuer under the Notes will be secured by a first-priority security interest in the shares of the Matterhorn Midco and Matterhorn Midco GP. However, there is no guarantee that the value of the collateral will be sufficient to satisfy claims under the Notes. In addition, the Indenture will provide for general limitation language to the effect that each security interest granted will be limited to the maximum amount that can be secured by the relevant security provider with respect to the aggregate obligations and exposure of the security provider without rendering the relevant security interest voidable or otherwise ineffective under Luxembourg and other applicable law, and enforcement of each Security Document would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally.

Luxembourg law also provides for specific limitations with respect to financial assistance. In particular, any security interests/guarantees granted by entities organized in Luxembourg, which constitute breach of the provisions on financial assistance as defined by article 49-6 of the Luxembourg law dated August 10, 1915 on commercial companies, as amended (the "Companies Act 1915"), or any other similar provisions (to the extent applicable, as at the date of this Offering Memorandum, to an entity organized under the laws of Luxembourg and having the form of a private limited liability company) might not be enforceable.

In general, under fraudulent conveyance and other laws, a court could subordinate or void the security interest granted under the Security Documents and, if enforcement proceeds applied under a Security Document, require that the recipient return the payment to the relevant security provider, if the court found that:

- the amount paid or payable under the enforcement proceeds under the relevant Security Document was in excess of the maximum amount permitted under applicable law;
- the relevant security interest under a Security Document was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the security provider or, in certain jurisdictions, even when the recipient was simply aware that the security provider was insolvent when it granted the relevant security interest;
- the security provider did not receive fair consideration or reasonably equivalent value for the security interest and the security provider was: (i) insolvent or rendered insolvent because of the relevant security interest; (ii) undercapitalized or became undercapitalized because of the relevant Security Document; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity; or
- the relevant Security Documents were held to exceed the corporate objects/corporate purposes of the security provider or not to be in the best interests or for the corporate benefit of the security provider.

Under Luxembourg law, the provision of security interest for the obligations of direct or indirect subsidiaries is likely to raise no particular concerns, whereas the provision of cross-stream and up-stream security interests may be more problematic. It is generally held that within a group of companies, the corporate interest of each individual corporate entity can include, to a certain extent, the interest of the group, and that the existence of a group interest can in certain cases result in the guarantee being held enforceable even where corporate benefit is not established. In this way, reciprocal assistance from one group company to another does not necessarily conflict with the interest of the assisting company. However, this assistance must be temporary, in proportion to the real financial means of the assisting company (i.e., limited to an aggregate amount not exceeding the assisting company's own funds (capitaux propres)), the company must receive some benefit or there must be a balance between the respective commitments of all the affiliates and the companies involved must form part of a genuine group operating under a common strategy aimed at a common objective. As a result, the security interests granted by a Luxembourg company may be subject to limitations in order to ensure their enforceability.

Further, a security interest that substantially exceeds the security provider's ability to meet its obligations to the beneficiary of the security provider and to its other creditors, or from which the Luxembourg company derives no or very limited personal benefit in return, or where no direct or indirect consideration is granted to the company in exchange, would expose its directors or managers to personal liability. In addition to any criminal and civil liability incurred by the manager of the Luxembourg company, in extreme circumstances the security interest could itself be held unenforceable, if it is held that it is contrary to public policy (ordre public), in the case of facts consisting of a misuse of corporate assets.

Generally, a Luxembourg company would be considered insolvent if it is demonstrated that it is in a state of cessation of payments (cessation des paiements) and has lost its commercial creditworthiness (ébranlement de crédit). The following transactions must be declared null and void if they were undertaken during the so-called "suspect period" (période suspecte) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy:

- disposition of the assets without consideration or for materially inadequate consideration;
- payments of debts which had not fallen due, whether the payment was in cash or by way of assignment, sale, set-off, or by any other means;
- payments of debts which had fallen due, by any other means than in cash or by bills of exchange; and
- mortgages or pledges granted to secure pre-existing debts.

The Notes will not be subject to, or benefit from, the Intercreditor Agreement.

The Notes will not be subject to, and will not benefit from the Intercreditor Agreement. However, the lenders under the Revolving Credit Facility, the trustees under the Existing Senior Notes, Existing Senior Secured Notes and hedging counterparties (among others) are parties to the Intercreditor Agreement. Among other things, the Intercreditor Agreement contains provisions relating to the distribution of recoveries in the event of certain enforcement actions, including the enforcement of security with respect to the Group. In the event of such an enforcement governed by the Intercreditor Agreement, the holders of the Notes would not be entitled to share in the proceeds received and distributed under the Intercreditor Agreement (including the proceeds of security enforcement) and as a result, holders of the Notes may receive less proceeds from an enforcement action than other creditors that are parties to, and benefit from, the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Issuer will be the sole obligor of the Notes, and its subsidiaries will not guarantee its obligations under the Notes; the Notes are structurally subordinated to the indebtedness and liabilities of the subsidiaries of the Issuer.

The Issuer will be the sole obligor of the Notes and the Notes will not be guaranteed by any subsidiaries of the Issuer. In addition, the Notes will be structurally subordinated to all indebtedness and other liabilities of the subsidiaries of the Issuer, including liabilities owed to trade creditors and the Existing Notes. As of December 31, 2012, the Issuer's subsidiaries had total indebtedness of CHF 1,489 million, including the €155 million aggregate principal amount of the Existing Senior Unsecured Notes and the €225 million aggregate principal amount of Existing Senior Notes, the CHF 450 million aggregate principal amount of Existing Fixed Rate Senior Secured Notes, the €330 million aggregate principal amount of Existing Euro Floating Rate Senior Secured Notes, the CHF 180 million aggregate principal amount of Existing CHF Floating Rate Senior Secured Notes.

Generally, claims of creditors of a subsidiary, including trade creditors of such subsidiary, will have priority with respect to the assets and earnings of such subsidiary over the claims of creditors of its parent entity. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of the Issuer's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity, including claims against the Issuer. As such, the Notes will be structurally subordinated to the creditors (including trade creditors) of the Issuer's subsidiaries, none of which will guarantee the Notes. The Issuer's subsidiaries may not have sufficient funds to pay (or receive sufficient funds to pay) all their respective creditors, and you may not receive any payment on the Notes. Subject to certain limitations, the Issuer's subsidiaries will be permitted to incur additional indebtedness and liabilities in the future under the terms of the Revolving Credit Facility, the Existing Indentures and the Indenture.

If we cannot or are not permitted to provide sufficient funds to the Issuer to pay Cash Interest on the Notes offered hereby, interest on the Notes may be paid in PIK Interest rather than cash.

Under certain conditions as described in this Offering Memorandum, the Issuer may elect not to pay interest on the Notes in cash. In the event that the Issuer does not elect to pay Cash Interest, the Issuer will pay interest by either increasing the principal amount of the outstanding Notes or by issuing additional Notes as PIK Interest. The ability of the Issuer to pay Cash Interest will depend on the amount available to be paid under the covenant restricting payments. The Revolving Credit Facility Agreement, the Existing Indentures allow and the indenture will allow the Issuer's subsidiaries to utilize amounts that would otherwise be available to pay dividends, directly or indirectly, to the Issuer, for other uses, and such uses would reduce the amount of cash available to pay dividends, directly or indirectly, to the Issuer, and in turn for the Issuer, to pay Cash Interest on the Notes. The terms of the Notes will not restrict the Issuer's subsidiaries' ability to use their dividend payment capacity for such alternative uses. See "*Description of the Notes—Principal, Maturity and Interest*." As a result, we cannot assure you that the Issuer will be able to make Cash Interest payments on the Notes, and holders of the Notes could potentially receive no Cash Interest on the Notes for interest periods other than the initial and final periods. The payment of interest through an increase in the principal amount of the outstanding Notes or the issuance of new Notes will increase the amount of the Issuer's indebtedness and would increase the risks associated with the Issuer's level of indebtedness.

The insolvency laws of Luxembourg may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.

The Issuer is incorporated under the laws of Luxembourg and, in the event of an insolvency, insolvency proceedings may be initiated in Luxembourg. The insolvency laws of Luxembourg may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar.

The following is a brief description of certain aspects of insolvency law in Luxembourg. In the event that the Issuer experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

Pursuant to Luxembourg insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under U.S. bankruptcy laws. Under Luxembourg law, the following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an entity having its center of main interests in Luxembourg or an establishment within the meaning of EU Council Regulation No. 1346/2000 of May 29, 2000 on insolvency proceedings (in relation to secondary proceedings):

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the company or by any of its creditors. Following such a request, the courts having jurisdiction may open bankruptcy proceedings if the Issuer: (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). If a Luxembourg court finds that these conditions are satisfied, it may also open bankruptcy proceedings, *ex officio* (absent a request made by the company or a creditor). The main effect of such proceedings is the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realization of the assets;

- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors and under which a court may order provisional suspension of payments, including a stay of enforcement of claims by secured creditors; and

- composition proceedings (*concordat préventif de faillite*), which may be requested only by the company (subject to obtaining the consent of the majority of its creditors) and not by its creditors themselves. The court's decision to admit a company to the composition proceedings triggers a provisional stay on enforcement of claims by creditors.

In addition, your ability to receive payment on the Notes may be affected by a decision of a Luxembourg court to grant a stay on payments (*sursis de paiement*) or to put the Issuer into judicial liquidation (*liquidation judiciaire*). Judicial liquidation proceedings may be opened at the request of the public prosecutor against companies pursuing an activity violating criminal laws or that are in serious breach or violation of the commercial code or of the laws governing commercial companies, including the Companies Act 1915. The management of such liquidation proceedings will generally follow the rules of bankruptcy proceedings.

Liability of the Issuer in respect of the Notes will, in the event of a liquidation of the entity following bankruptcy or judicial liquidation proceedings, only rank after the cost of liquidation (including any indebtedness incurred for the purpose of such liquidation) and those debts of the relevant entity that are entitled to priority under Luxembourg law. Preferential debts under Luxembourg law include, among others:

- certain amounts owed to the Luxembourg Revenue;

- value-added tax and other taxes and duties owed to the Luxembourg Customs and Excise;

- social security contributions; and

- remuneration owed to employees.

A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company's liabilities in order to take effect.

Furthermore, you should note that declarations of default and subsequent acceleration (such as acceleration upon the occurrence of an event of default) may not be enforceable during controlled management proceedings.

Luxembourg insolvency laws may also affect transactions entered into or payments made by the relevant Luxembourg company during the period before bankruptcy, the so-called "suspect period" (*période suspecte*) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy, except that in certain specific situations the court may set the start of the suspect period at an earlier date; if the bankruptcy judgment was preceded by another insolvency bankruptcy judgment under Luxembourg law, the court may set the maximum up to six months prior to the filing for such controlled management. In particular:

- pursuant to article 445 of the Luxembourg Code of Commerce (*code de commerce*), specified transactions (such as, in particular, the granting of a security interest for antecedent debts; the payment of debts which have not fallen due, whether payment is made in cash or by way of assignment, sale, set-off or by any other means; the payment of debts which have fallen due by any means other than in cash or by bill of exchange; the sale of assets without consideration or with substantially inadequate consideration) entered into during the suspect period (or the ten days preceding it) must be set aside or declared null and void, if so requested by the insolvency receiver;
- pursuant to article 446 of the Luxembourg Code of Commerce, payments made for matured debts as well as other transactions concluded for consideration during the suspect period are subject to cancellation by the court upon proceedings instituted by the insolvency receiver if they were concluded with the knowledge of the bankrupt party's cessation of payments;
- pursuant to article 21 (2) of the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements, notwithstanding the suspect period as referred to in articles 445 and 446 of the Luxembourg Code of Commerce, where a financial collateral arrangement has been entered into after the opening of liquidation proceedings or the coming into force of reorganization measures or the entry into force of such measures, such arrangement is valid and binding against third parties, administrators, insolvency receivers, liquidators and other similar organs if the collateral taker proves that it was unaware of the fact that such proceedings had been opened or that such measures had been taken or that it could not reasonably be aware of it; and
- in the case of bankruptcy, article 448 of the Luxembourg Code of Commerce and article 1167 of the Civil Code (*action paulienne*) gives the insolvency receiver (acting on behalf of the creditors) the right to challenge any fraudulent payments and transactions, without any time limit.

In principle, a bankruptcy order rendered by a Luxembourg court does not result in automatic termination of contracts except for *intuitu personae* contracts, that is, contracts for which the identity of the company or its solvency were crucial. The contracts, therefore, subsist after the bankruptcy order. However, the insolvency receiver may choose to terminate certain contracts.

Insolvency proceedings may hence have a material adverse effect on the relevant Luxembourg company's business and assets and the Issuer's obligations under the Notes.

Finally, international aspects of Luxembourg bankruptcy, controlled management or composition proceedings may be subject to EU Council Regulation No. 1346/2000 of May 29, 2000 on insolvency proceedings.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

Upon the occurrence of certain events constituting a "change of control," the Issuer would be required to offer to repurchase all outstanding Notes, at a purchase price in cash equal to 101% (or 100% in the event that the Issuer shall fail to own directly or indirectly 100% of the issued and outstanding voting stock of MMH, subject to certain exclusions) of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the Existing Notes or the Notes, or that the restrictions in our Revolving Credit Facility, the Existing Indentures, the Indenture, the Intercreditor Agreement or our other then-existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default under, or acceleration of, our Revolving Credit Facility, the Existing Notes, the Notes and our other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under our other indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow them to pay cash to the holders of the Notes following the occurrence of a change of control, may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing.

Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility and certain other indebtedness. See *"Description of the Notes—Change of Control."*

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Except as described under *"Description of the Notes—Change of Control*," the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

In addition, the occurrence of certain events that might otherwise constitute a change of control will be deemed not to be a change of control if at the time our consolidated leverage ratio is less than certain specified levels. See *"Description of the Notes—Change of Control*" and "*Description of the Notes—Certain Definitions—Specified Change of Control Event."*

The definition of "Change of Control" in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

Although we intend to make an application for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Euro MTF market, we cannot assure you that the Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Euro MTF market, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes from the Official List of the Luxembourg Stock Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market.

Investors may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than the euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Investments in the Notes denominated in a currency other than U.S. dollars by U.S. holders (as defined in "*Tax—Certain U.S. Federal Income Tax Considerations*") may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Tax—Certain U.S. Federal Income Tax Considerations*."

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and its subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. The directors and executive officers of the Issuer are non-residents of the United States. Although we will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors and executive officers. In addition, as all of the assets of the Issuer and its subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with Luxembourg. There is, therefore, doubt as to the enforceability in Luxembourg of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in Luxembourg. In addition, the enforcement in Luxembourg of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a Luxembourg court would have the requisite power or authority to grant remedies sought in an original action brought in Luxembourg on the basis of U.S. securities laws violations. See "*Enforceability of Judgments.*"

U.S. holders will be required to pay U.S. federal income tax as interest accrues on the Notes whether or not we pay Cash Interest and will recognize ordinary income upon a sale, exchange, redemption or other taxable disposition of the Notes at a gain.

We and each holder will agree in the Indenture to treat the Notes as "contingent payment debt instruments" for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations." As a result, a U.S. holder (as defined in "Certain U.S. Federal Income Tax Considerations") will be required to accrue interest on a constant yield to maturity basis at a rate comparable to the rate at which the Issuer would borrow in a fixed-rate, non-contingent borrowing but with terms similar to the Notes. In addition, a U.S. holder will recognize ordinary income, if any, upon a sale, exchange, redemption or other taxable disposition of the Notes at a gain. Holders are urged to consult their own tax advisors as to the U.S. federal, state and other tax consequences of acquiring, owning and disposing of the Notes. See "Certain U.S. Federal Income Tax Considerations."

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financing and could adversely affect the value and trading of the Notes.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes have not been registered under, and we are not obliged to register the Notes under, the U.S. Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable laws. See "*Notice* to *Investors.*" We have not agreed to or otherwise undertaken to register the Notes, and do not have any intention to do so.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until Notes in definitive registered form or Definitive Registered Notes are issued in exchange for Book-Entry Interests (which may occur only in very limited circumstances), owners of Book-Entry Interests will not be considered owners or holders of the Notes. The nominee of the common depository for Euroclear and Clearstream will be the sole registered holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Notes will be made to Deutsche Bank AG, London Branch, as Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold Book-Entry Interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of Book-Entry Interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a Book-Entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the Definitive Registered Notes are issued in respect of all Book-Entry Interests, if you own a Book-Entry Interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

Risks Related to Our Ownership

The interests of our principal shareholders may conflict with your interests.

The interests of our principal shareholders, in certain circumstances, may conflict with your interests as holders of the Notes. We are controlled by investment funds or limited partnerships advised by Apax Partners LLP or any of its affiliates or direct or indirect subsidiaries from time to time. See *"Principal Shareholder."* Apax may appoint a majority of our Board of Directors to determine our corporate strategy, management and policies. In addition, Apax has control over our decisions to enter into any corporate transaction and has the ability to prevent any transaction that requires the approval of shareholders regardless of whether holders of the Notes believe that any such transactions are in their own best interests. For example, the shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the Indenture, the Existing Senior Notes Indenture, the Existing Senior Secured Notes Indenture, the Revolving Credit Facility and the Intercreditor Agreement so permit. A portion of the proceeds from the issuance of the Notes will be used to repay share capital and/or share premium to Matterhorn TopCo. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenues, each of which could adversely affect holders of the Notes.

Additionally, Apax is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. Apax may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as investment funds or limited partnerships advised by Apax Partners LLP or any of its affiliates or direct or indirect subsidiaries from time to time collectively continue to own a significant amount of our capital stock, even if such amount is less than 50%, Apax will continue to be able to strongly influence or effectively control our decisions. The interests of Apax may not coincide with your interests.

Risks Related to the Acquisition and Our Separation from France Telecom

We may be required to make additional payments under the Acquisition Agreement.

On February 29, 2012, MM acquired all of the issued and outstanding capital stock of Orange. Pursuant to the Acquisition Agreement, we will be obligated to pay up to CHF 270 million to the Seller in the event of a combination with Sunrise Mobile Communications AG and its subsidiaries within five years of the Completion Date. In addition, if such a combination or certain other strategic cooperation transactions occur within the same period, and thereafter Apax receives at least 2.5 times (on a cash basis) its original investment in the Group, we will be obligated to make an "earn out" payment to the Seller in an amount equal to a percentage of Apax's cash return on its investment in excess of the 2.5 times threshold up to a cap.

We may not be successful in establishing a new brand identity.

Historically, we have marketed our products and services through the *Orange* brand. Based on the new brand license agreement with Orange Brand Services Limited that became effective on the Completion Date, we have a license to the *Orange* brand for a period of three years, which will subject to certain conditions being satisfied, renew automatically for an additional two-year period. We currently intend to continue to use the *Orange* brand and to carry out a rebranding process in 2014 or later. However, as our rights under the brand license may continue for up to five years, we may decide to change the timing or scope of our rebranding plans in the future. The value of the *Orange* brand name has been recognized by our suppliers, customers and potential employees. We will need to expend significant time, effort and resources to establish our new brand name in the marketplace, which we currently estimate to be on the order of a non-recurring cost of CHF 40 million, in addition to our regular marketing and advertising expenses. We cannot guarantee that this effort will ultimately be successful. If our efforts to establish a new brand identity are unsuccessful, our business, financial condition and results of operations could be materially adversely affected.

We may not continue to benefit from contracts that historically have formed part of our business.

If we are unable to continue to be a party or benefit from a material contract that historically has formed part of our business, our business, financial conditions and results of operations may be adversely affected. For example, as part of the separation, France Telecom has entered into an agreement relating to roaming with us, which became effective on the Completion Date and sets forth general principles governing inter-operator tariffs between the FT Group and us, and clarifies under which circumstances we may be included in agreements between the FT Group and third-party operators. The agreement provides for certain guaranteed volumes of roaming traffic from the FT Group to our network, in exchange for agreed volumes that we will send to the FT Group, based on a decreasing scale of mutual commitments through 2015. With respect to contracts with third-party operators, the agreement provided that we would retain the benefit of France Telecom's third-party roaming agreements in relation to inter-operator tariffs in 2012. For the years 2013 to 2015, France Telecom has agreed to use its best efforts to negotiate our inclusion in agreements with certain third-party telecommunication services providers, but there is no assurance that such third-party providers will agree to enter into direct contracts with us on terms acceptable to us or at all. If we lose the benefit of a material contract with third-party telecommunications services providers, our business, financial condition and results of operations could be materially adversely affected. Pursuant to the roaming agreement with FT dated December 23, 2011, the terms of settlement for inter-operator tariffs between the FT Group and us may shorten after 2013 from the present settlement cycle of 365 days. In addition, we anticipate that the amount of inter-operator tariff discounts under the roaming agreement will decrease over time in line with the decrease in committed roaming traffic under the agreement. There is a risk that these items will materially and adversely affect our net working capital requirements in 2014, although we are unable to quantify that risk at present.

Our historical results may not be representative of our future results as a separate, stand-alone company.

Prior to the Acquisition, the Company was a wholly-owned subsidiary of the FT Group. As the Completion Date occurred on February 29, 2012, we do not have independent consolidated financial results for any full annual reporting period to use as a basis for evaluating our financial condition, results of operations and expected future performance. We cannot assure you that the risks and challenges we face as an independent company, including planning or anticipating operating expenses, servicing our indebtedness and obtaining financing on a stand-alone basis, will not have an adverse effect on our business, our results of operations and financial condition. In particular, the Company's consolidated financial statements for the years ended December 31, 2011 and 2010 included in this Offering Memorandum do not reflect the costs to us of borrowing funds as a separate entity. Accordingly, the Company's consolidated financial statements for the years ended December 31, 2011 and 2010 and the other historical financial information for such periods included in this Offering Memorandum do not necessarily indicate what our results of operations, financial condition, cash flows or costs and expenses will be in the future.

USE OF PROCEEDS

The net proceeds from the sale of the Notes offered hereby (equal to the gross proceeds from the Offering after deducting the Initial Purchasers' commissions and certain estimated expenses to be incurred in connection with the Offering, including legal, accounting and other professional fees) will be €243 million (equivalent to CHF 295 million).

The Issuer intends to use the net proceeds from the Offering to repay share capital and/or share premium to Matterhorn Topco and to retain cash on the balance sheet of the Issuer. See "*Summary—The Transactions*" and "*Summary—Sources and Uses for the Transactions*."

SUMMARY CAPITALIZATION

The following table sets forth the summary consolidated cash and cash equivalents and capitalization of the Issuer and its subsidiaries based on the historical statements of financial position of the Issuer and its subsidiaries, as adjusted to give effect to the Transactions. Due to the summary nature of this presentation, reference should be made to the more detailed capitalization table presented under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capitalization of the Issuer*" and the accompanying explanation and notes thereto. You also should read this table in conjunction with *"Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations,"* "*Description of Certain Financing Arrangements*" and "*Description of the Notes*" and the consolidated financial statements and the accompanying notes of MMH and Orange appearing elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes in the capitalization of the Issuer since December 31, 2012.

	As of December 31, 2012
	Issuer As Adjusted
	(CHF in thousands)
Cash and cash equivalents[(1)]	**154,865**
Capital leases	—
Revolving Credit Facility	—
Existing Fixed Rate Senior Secured Notes	450,000
Existing Euro Floating Rate Senior Secured Notes	398,294
Existing CHF Floating Rate Senior Secured Notes	180,000
Derivative liabilities	2,035
Total senior secured debt	**1,030,329**
Existing Senior Notes	271,564
Existing Senior Unsecured Notes	187,411
Total existing restricted group debt	**1,489,304**
Notes offered hereby	303,575
Total debt	**1,792,879**
Capitalized transaction costs	(42,868)
Total financial liabilities	**1,750,011**
Total equity	**67,228**
Capitalization	**1,817,239**

(1) Includes CHF 139.9 million of cash in the existing restricted group and CHF 15.0 million at Issuer level.

SELECTED HISTORICAL FINANCIAL INFORMATION

The tables below set forth the selected historical consolidated financial information and other data of Orange and MMH, each as of the dates and for the periods indicated.

The selected consolidated income statement and statement of cash flows set forth below as of and for the years ended December 31, 2010 and 2011 are that of Orange and were derived from the Orange Group audited consolidated financial statements. The audited consolidated income statement and statement of cash flows set forth below for the period of January 1, 2012 to February 29, 2012 are that of Orange and were derived from the Group audited consolidated financial statements. The audited consolidated income statement, statement of financial position and statement of cash flows as of and for the period from March 1, 2012 to December 31, 2012 are that of MMH and such financial information has been derived from the Group audited consolidated financial statements.

The selected consolidated income statement and statement of cash flows also present unaudited aggregated financial information that combines the results of operations of the Orange Group and the Group for the year ended December 31, 2012. The aggregated financial information for the year ended December 31, 2012 is calculated by taking the financial information of the Orange Group for the period from January 1, 2012 to February 29, 2012, and adding it to the financial information for the Group for the period from March 1, 2012 to December 31, 2012. The presentation of all the unaudited aggregated information for the year ended December 31, 2012 is not intended to comply with IFRS and does not represent pro forma information. The unaudited aggregated financial results are intended to give an indication of the financial results of the aggregated Orange Group and Group for the year ended December 31, 2012. The unaudited aggregated financial results for these periods are not fully comparable with the other periods.

The consolidated historical financial information and other data of the Orange Group and the Group should be read in conjunction with the information contained in "*Presentation of Financial and Other Data*," "*Use of Proceeds*," "Summary—*Summary Historical Financial Information and Other Data*," "*Summary Capitalization*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the consolidated financial statements of Orange and MMH included elsewhere in this Offering Memorandum.

Selected Consolidated Income Statement Information of Orange and MMH

	Orange			MMH	Aggregate (Orange and MMH)
	For the year ended December 31,	For the year ended December 31,	For the period from January 1 to February 29,	For the period from March 1 to December 31,	For the year ended December 31,
	2010	2011	2012	2012	2012
	(CHF in thousands)				
Revenues	**1,295,453**	**1,248,773**	**203,560**	**1,118,056**	**1,321,616**
Access back bone and interconnection	(239,586)	(226,757)	(35,664)	(184,261)	(219,925)
Commercial expenses and cost of equipment sold	(370,586)	(364,218)	(58,138)	(354,412)	(412,550)
Network, IT, property expenses and other purchases	(197,300)	(175,344)	(31,010)	(146,800)	(177,810)
Labor expenses	(137,572)	(142,885)	(23,155)	(113,338)	(136,493)
Other operating expenses	(18,510)	(20,020)	(4,773)	(16,788)	(21,561)
Other operating income	19,664	22,987	7,951	4,065	12,016
Result of disposal and other gains	—	—	10	122	132
Restructuring and transaction costs	(6,944)	(2,873)	(1,079)	(45,290)	(46,369)
Corporate and brand fees	(31,060)	(29,255)	(4,991)	(18,897)	(23,888)
Depreciation, amortization and impairment	(185,244)	(196,565)	(29,702)	(238,827)	(268,529)
of which, increases of amortization or depreciation resulting from purchase accounting[i]	—	—	—	*(71,580)*	*(71,580)*
of which intangible asset impairment change, amortization or write-off[i]	*(80,665)*	*(69,253)*	*(10,586)*	*(73,952)*	*(84,538)*
Operating income	**128,316**	**113,843**	**23,009**	**3,629**	**26,638**
Financial expenses	(20,197)	(19,556)	(2,373)	(100,362)	(102,735)
Financial income	4,016	2,244	73	5,426	5,499
Net financial costs	**(16,181)**	**(17,312)**	**(2,300)**	**(94,936)**	**(97,236)**
Net income / (loss) before tax	112,135	96,531	20,709	(91,308)	(70,599)
Income tax	(16,384)	3,695	(5,828)	(13,512)	(19,340)
Net income / (loss)	**95,751**	**100,226**	**14,881**	**(104,820)**	**(89,939)**
Net income / (loss) attributable to equity owners	95,751	100,226	14,881	(104,820)	(89,939)

Selected Statement of Financial Position Information of MMH

	MMH
	As of December 31, 2012
	(CHF in thousands)
Total non-current assets	2,200,207
Total current assets	497,750
Total Assets	2,697,957
Total non-current liabilities	1,583,593
Total current liabilities	575,067
Total Liabilities	2,158,660
Total Equity	539,297
Total Equity and Liabilities	2,697,957

Selected Consolidated Statement of Cash Flows of Orange and MMH

	Orange			MMH	Aggregate (Orange and MMH)
	For the year ended December 31,	For the year ended December 31,	For the period from January 1 to February 29,	For the period from March 1 to December 31,	For the year ended December 31,
	2010	2011	2012	2012	2012
	(CHF in thousands)				
Net cash provided by operating activities	327,452	280,326	27,518	307,620	335,138
Net cash used in investing activities	(158,238)	(123,850)	(30,863)	(1,508,622)	(1,539,485)
Net cash provided by / (used in) financing activities	(300,232)	(95)	(413,502)	1,327,988	914,486

i Pursuant to the terms of the Indenture, the Company calculates such amount as the difference between the amortization expense of the acquired intangible assets resulting from a business combination measured at fair value, as determined by the purchase price allocation upon the acquisition date, and the amortization expense of the acquired intangible assets measured at their carrying value (if any) immediately prior to the acquisition date. Such amount, as well as the intangible asset, impairment charge, amortization or write-off, are excluded from the calculation of "Consolidated Net Income" pursuant to the definition thereof under the Indenture. See "*Description of the Notes*."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our results of operations and financial condition based on the audited consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2010 and 2011 and the audited consolidated financial statements of MMH and its subsidiaries as of and for the ten-month period from March 1, 2012 to December 31, 2012 (Successor) and for the two-month period from January 1, 2012 to February 29, 2012 (Predecessor), each prepared in accordance with IFRS.

For the purpose of this "Management's discussion and analysis of financial condition and results of operation" section, we present financial information for the year ended December 31, 2012, which represents the combination of the financial information of Orange (as Predecessor) and MMH (as Successor). Financial information for the year ended December 31, 2012 is calculated by taking the financial information of Orange for the period from January 1, 2012 to February 29, 2012, and adding it to the financial information for MMH for the period from March 1, 2012 to December 31, 2012. We refer to this as "unaudited aggregated financial information" or financial information "for the year ended December 31, 2012". The presentation of financial information for the year ended December 31, 2012 is not intended to comply with IFRS and does not represent pro forma information. The financial information for the year ended December 31, 2012 is intended to give an indication of the financial results of the aggregated Orange and MMH results of operations for the year ended December 31, 2012. The financial information for the year ended December 31, 2012 for these periods are not fully comparable with the other periods.

Except as the context otherwise indicates, when discussing historical results of operations in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," the "Company," "we," "our" and other similar terms are used to refer to the business of the Orange and its subsidiaries for the years ended December 31, 2010 and 2011 and are used to refer to the business of the MMH and its subsidiaries for the year ended December 31, 2012.

You should read this discussion in conjunction with the consolidated financial statements of the Company as of and for the years ended December 31, 2010 and 2011 and the accompanying notes thereto and the consolidated financial statements of MMH as of and for the year ended December 31, 2012 and the accompanying notes thereto, each included elsewhere in this Offering Memorandum. A summary of the critical accounting estimates that have been applied to the Company's consolidated financial statements and that have been applied to Group consolidated financial statements is set forth in their respective audited consolidated financial statements. You should also review the information in the section "—Presentation of Financial Information of the Company." This discussion also includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties facing us as a result of various factors, see "Risk Factors."

Presentation of Financial Information of the Company

Each of Matterhorn Midco, MMH and MM were formed on December 23, 2011 for the purposes of facilitating the Acquisition Transactions and issuing the Existing Senior Unsecured Notes, the Existing Senior Notes and the Existing Senior Secured Notes. The Issuer was formed on September 25, 2012 and has no independent operations of its own. Prior to the Completion Date, the Group consisted of only MMH and its wholly owned subsidiary, MM. Prior to the Acquisition Transactions, MMH and MM had no material assets or liabilities and did not engage in any activities other than those related to the Acquisition Transactions. Since the Completion Date, MMH together with its direct and indirect subsidiaries, including MM and Orange, constitute the Group.

Unless otherwise indicated, the financial information presented in this Offering Memorandum is the historical consolidated financial information of Orange and its consolidated subsidiaries or of MMH and its consolidated subsidiaries and not of the Issuer.

The financial data presented herein are presented in Swiss francs.

Key Factors Affecting Results of Operations

Our performance and results of operations have been and will continue to be affected by a number of factors, including external factors. Certain of these key factors that have had, or may have, an effect on our results are set forth below. For further discussion of the factors affecting our results of operations, see "*Risk Factors*."

The key component of our revenues is network revenues, which contributed 88.7% and 86.4% of our total revenues for the years ended December 31, 2011 and 2012, respectively. A major contributor to our network revenues is mobile subscriber revenues, which are principally driven by the number of mobile subscribers on our network (our mobile subscriber base) and the ARPU, or average revenues per user (see "—*ARPU*"), that they generate. Our subscriber base evolution is driven by market dynamics (including demographics, technical innovation and changing customer behavior), gross connections market share (our ability to capture new subscribers), and our churn rate (our ability to retain existing customers, see "—*Churn*"). A key factor that has recently impacted our mobile subscriber revenues is the increasing use of data services linked to the increasing popularity of smartphones and mobile computing devices, and our ability to successfully address this growing demand. In the course of 2012, we have been able to monetize an increase of 89% in data traffic, from 1.655 terabytes in 2011 to 3.123 terabytes in 2012, into an increase of 34% of data revenues, which is considered as a best-in-class data traffic monetization rate in Europe. Further, mobile revenues are affected by macro-economic trends, such as competition-driven price evolution and general macro-economic conditions. In June 2012, Swisscom announced new flat-rate postpaid mobile plans, which have increased prices on some low-end rate plans, but in many cases have significantly lowered the monthly price of their previous high-end rate plans. In July 2012, Sunrise followed with an announcement regarding the reduction on some of its postpaid subscription plans. In response, we announced a reduction of select high-end postpaid tariffs on a promotional basis. In September 2012, Sunrise launched a new online only flat rate plan, in response to Swisscom's new flat-rate postpaid mobile plans. Further, in September 2012, Swisscom announced an update on its prepaid plans which will, dependent on usage patterns, decrease the prices for some user groups. In November 2012, we lowered the prices on some selected high-end tariffs. If our competitors continue to reduce their prices, we may further review our pricing strategies in the future.

Our mobile costs of sale include access and interconnection fees, which are payable to other operators for calls made by our subscribers but terminated on networks belonging to other operators, subscriber acquisition and retention costs, which are costs associated with acquiring a new mobile subscriber and prolonging the contract of an existing mobile subscriber, network and IT expenses and other commercial expenses relating to advertising, promotion and other selling fees. Our primary subscriber acquisition and retention costs associated with postpaid subscribers include agent commissions related to sales generated by agents, distributors and resellers (together forming our indirect distribution channel) and the cost of handsets sold to our customers. Handsets are typically sold to our subscribers for a lower price than their cost, reflecting the incentive that we provide subscribers to subscribe or renew their subscription. The level of subscriber acquisition and retention costs varies depending on the distribution channel (direct or indirect). Our agent commissions are generally lowest for prepaid customers, due to lower ARPU and lower loyalty of prepaid subscribers, and highest for postpaid customers to reflect the higher lifetime value of these subscribers. Commissions for contracts are only paid out for new or retained subscribers through the indirect distribution channel. Increasing reliance on direct distribution channels is therefore a key factor for decreasing subscriber acquisition and retention costs. In the direct distribution channel, incentives and bonuses are paid out to the sales force in relation to their subscriber acquisition and retention performance.

Mobile Subscriber Base

Mobile subscribers consist of subscribers for voice services (including incoming and outgoing calls), non-voice services (including SMS, MMS and data services for handsets) and mobile broadband services (wireless internet access through a laptop, tablet or dongle). The table below sets forth selected mobile subscriber data for the periods indicated, including a split by subscriber category.

	As of December 31,					
	2010	2011	Change	2011	2012	Change
	(thousands of subscribers and percentage, as applicable)					
Postpaid residential subscribers(1)(2)(4)	828.1	870.1	5.1%	870.1	928.2	6.7%
Postpaid business subscribers(1)(2)(4)	132.1	133.3	0.9%	133.3	135.2	1.4%
Prepaid residential subscribers(1)(3)(4)	603.5	604.0	0.1%	604.0	605.9	0.3%
Mobile subscribers at end of period(1)	1,563.7	1,607.4	2.8%	1,607.4	1,669.2	3.8%

(1) Includes subscribers through resellers, but excludes subscribers through MVNOs as MVNOs own their subscriber base, whereas we enter into direct contractual arrangements with customers of resellers. Our mobile subscriber base in this table would be different if calculated based on the new definition of our mobile prepaid subscriber base that we introduced in the fourth quarter of 2012 to facilitate comparability to Swisscom. Under this new definition, at the end of December 2012, our market share of the Swiss mobile market by number of subscribers was 20.3%, compared to a market share for Swisscom of 59.3% and a market share of Sunrise of 20.4%.

(2) Includes all subscribers who have an active contract.

(3) Includes any prepaid subscriber whose SIM card is connected to the network and who has had at least one chargeable outgoing traffic event (that is, voice, SMS, MMS or data) or has received four or more incoming traffic chargeable events (excluding traffic initiated by us) within the preceding three months.

(4) Includes subscribers for both handset and mobile broadband services but excludes machine-to-machine subscriptions.

Our mobile subscriber base increased by 2.8% between December 31, 2010 and December 31, 2011. This consistent increase has been driven by the launch of new offerings targeting the mass-market customer segment, such as Orange Young and Orange Me PrePay in the second and third quarter of 2011, as part of our strategy. Our mobile subscriber base increased by 3.8% between December 31, 2011 and December 31, 2012, primarily due to our Orange Young offerings. According to TeleGeography, our share of the Swiss mobile market by number of subscribers was 16.7% at the end of 2010 and 16.6% end of 2012, compared to a market share for Swisscom of 61.9% at the end of 2010 and 62.1% at the end of 2012 and a market share for Sunrise of 21.4% at the end of 2010 and 21.4% end of 2012. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share*."

Postpaid residential subscribers, postpaid business subscribers and prepaid residential subscribers represented 54.1%, 8.3% and 37.6% respectively, of our mobile subscriber base as of December 31, 2011 and 55.6%, 8.1% and 36.3% of our mobile subscriber base as of December 31, 2012. The proportion of high-value customers is greater in our postpaid segments (both residential and business) as a result of increased use of smartphones as well as non-voice services such as data compared to the prepaid segment.

Our residential postpaid customer base increased by 5.1% between December 31, 2010 and December 31, 2011, primarily due to the increasing adoption of our Orange Me price plans, and in particular plans including unlimited usage options and plans targeting our younger customers through the launch of Orange Young at the end of June 2011. Our residential postpaid customer base increased by 6.7% from December 31, 2011 to December 31, 2012, primarily due to our Orange Young offerings.

Our postpaid business subscriber base increased by 0.9% between December 31, 2010 and December 31, 2011 and increased by a further 1.4% between December 31, 2011 and December 31, 2012, principally driven by an increase in our mobile broadband subscriber base due to the acquisition of major accounts.

During the course of 2011, we expanded our strategy to target a broader range of customers, including through increasing our product offerings in the prepaid segment. As such, in October 2011, we launched Orange Me Prepay, which gives our customers the ability to select benefits for any recharge. The duration of the benefits is tied in to the size of the recharge. See "*Business—Business Operations—Mobile Telecommunications Offerings—Prepaid Offerings.*" These changes led to a slight increase in prepaid subscribers of 0.1% from December 31, 2010 to December 31, 2011. This was followed by an increase in prepaid subscribers of 0.3% from December 31, 2011 to December 31, 2012, reflecting the successful results of our promotional activities during the first half of 2012. The size of the aggregate prepaid market in Switzerland has declined slightly in the course of the last few years.

Churn

"Churn" refers to the percentage of subscriber disconnections during a given period. The table below sets forth our blended postpaid and prepaid churn rate for the periods indicated.

	For the year ended December 31,		
	2010	**2011**	**2012**
Churn rate[(1)]	30.0%	30.5%	32.5%
Churn rate Postpay[(1)]	21.2%	19.4%	17.5%
Churn rate Prepay[(1)]	52.5%	58.2%	67.5%

(1) Churn rates are calculated by dividing the number of disconnections of subscribers during the period by the average number of subscribers in the same period. The average number of subscribers does not include postpaid subscribers without an active contract and prepaid subscribers whose SIM card is connected to the network, but that have not had any chargeable outgoing traffic events (that is, voice, SMS, MMS or data) or that have received less than four incoming traffic chargeable events (excluding traffic initiated by us) within the preceding three months. We define "the average number of mobile subscribers in the period" as the average of each month's average number of mobile subscribers calculated as the average of the total number of mobile subscribers at the beginning of the month and the total number of mobile subscribers at the end of the month. This would differ from the churn rate calculated based on the new definition of our mobile prepaid subscriber base that we introduced in the fourth quarter of 2012 to facilitate comparability to Swisscom.

The churn rate reflects in large part the attractiveness of offers and pricing compared to other operators, the subscriber experience and perception of the brand, the perceived quality of our network (including its coverage) and the perceived quality of our services (including customer care). The churn rate may also be impacted by shifts in subscriber status (where a subscriber becomes active or inactive), subscription duration and other factors, such as seasonality.

Our blended churn rate increased from 30.0% for the year ended December 31, 2010 to 30.5% for the year ended December 31, 2011 and to 32.5% for the year ended December 31, 2012. Our postpaid churn rate decreased from 21.2% for the year ended December 31, 2010 to 19.4% for the year ended December 31, 2011 and to 17.5% for the year ended December 31, 2012, in large part thanks to a set of measures we adopted to reduce churn. Those measures included the setup of a dedicated team focusing on eliminating the root causes for churn, the definition and prioritization of specific initiatives to reduce or prevent churn at an early stage and the execution and monitoring of a specific churn action plan, including, for example, by making follow-up calls in reply to written cancellations. Our measures to reduce churn further included an improvement in billing processes and the upgrade of our network to improve our customers' experience. The decrease in our postpaid churn rate was offset by the increase in our prepaid churn rate during the same period, mainly reflecting increased competition and lower customer loyalty in the prepaid market. Our prepaid churn rate increased from 52.5% for the year ended December 31, 2010 to 58.2% for the year ended December 31, 2011 and to 67.5% for the year ended December 31, 2012.

ARPU

	For the year ended December 31,		
	2010	**2011**	**2012**
	(CHF per month / percentages)		
Voice ARPU(1)(5)	39.0	36.5	35.7
Non-voice ARPU(2)(5)	17.1	19.1	20.3
Non-voice ARPU as a percentage of total ARPU	30.5%	34.4%	36.3%
Total ARPU(3)(5)	**56.1**	**55.5**	**56.0**
Of which billed ARPU(4)(5)	45.9	47.8	48.5
Increase/(decrease) in total ARPU from prior equivalent period	0.4%	(1.1)%	0.9%
Increase/(decrease) in billed ARPU from prior equivalent period	2.5%	4.1%	1.4%

(1) We define "voice ARPU" as the total mobile voice revenues in the period divided by the average number of mobile subscribers in the period divided by the number of months in that period.

(2) We define "non-voice ARPU" as total revenues from non-voice services (mobile SMS, MMS and data services on handsets) and mobile broadband services in the period divided by the average number of mobile subscribers in the period divided by the number of months in the period.

(3) We define "total ARPU" as the total mobile subscriber revenues in a period divided by the average number of mobile subscribers in the period divided by the number of months in the period.

(4) We define "billed ARPU" as the measure of the sum of the total mobile subscriber revenues excluding revenues from incoming traffic in a period divided by the average number of mobile subscribers in the period divided by the number of months in the period.

(5) We define "the average number of mobile subscribers in the period" as the average of each month's average number of mobile subscribers calculated as the average of the total number of mobile subscribers at the beginning of the month and the total number of mobile subscribers at the end of the month. "The average number of mobile subscribers in the period" would be different if based on the new definition of our mobile subscriber base that we introduced in the fourth quarter of 2012 to facilitate comparability to Swisscom.

ARPU is driven primarily by prices for our services, traffic volume, data services utilization and revenues from access and interconnection fees for incoming calls. During the period under review, ARPU has been affected by a decrease in prices for voice services, reflecting in large part the impact of decreasing MTRs, which was partly offset by growth of revenues from non-voice and mobile broadband services. ARPU was CHF 56.0 per month for the year ended December 31, 2012, an increase of 0.9% from ARPU of CHF 55.5 per month for the same period in 2011. This increase principally reflected a change in the manner in which we bill our customers for voice services by increasing the minimum unit of time charged for a call from 10 seconds to one minute and multiples thereof (the "charging interval"), which is consistent with the practice of our competitors, and became effective August 1, 2011, and the continuing adoption of data bundles resulting from the increasing popularity of smartphones. This increase was partly offset by an increase of Orange Young subscribers in our subscriber mix (which subscribers have lower ARPU). Our ARPU of CHF 55.6 per month for the year ended December 31, 2011 represented a decrease of 0.9% from ARPU of CHF 56.1 per month for the year ended December 31, 2010, principally due to a decrease in voice ARPU (attributable to both decreasing MTRs and general price erosion on outgoing calls), offset by an increase in adoption of data services (leading to an increase in non-voice ARPU of 11.7%) and the newly implemented increase to the charging interval from August 1, 2011.

Our billed ARPU (which excludes revenues from incoming traffic and therefore effectively excludes the impact of MTR decreases) was CHF 48.5 per month for the year ended December 31, 2012, which represented an increase of 1.1% from billed ARPU of CHF 47.8 per month for the year ended December 31, 2011, which in turn represented an increase of 4.1% from billed ARPU of CHF 45.9 per month for the year ended December 31, 2010. We attribute the increase in each period to increased data use by our subscribers and an increase in the proportion of our subscriber base which is comprised of postpaid subscribers. In addition, the change in charging interval that we implemented in August 2011 also contributed to the increase in our billed ARPU in the year ended December 31, 2012 and the year ended December 31, 2011, as compared to the prior year. In 2012, the increase in billed ARPU was partly offset by the effects of an increase of Orange Young subscribers in our subscriber mix.

ARPU for postpaid subscribers is generally significantly higher than for prepaid subscribers. For example, ARPU for prepaid residential subscribers was CHF 12.4 per month for the year ended December 31, 2012 and, in the same period, ARPU for postpaid residential subscribers was CHF 83.6 per month. As our strategy is currently to target more mass-market postpaid residential customers as well as prepaid residential customers, a potential shift in customer mix is expected to lead to a reduction in our blended mobile ARPU. In order to mitigate the impact of this reduction, we intend to implement a plan which we believe will result in an increase in the take-up of data options, increased cross- and up-selling through telesales and encouraging the migration of prepaid subscribers to postpaid subscriber plans.

Traffic Volume

Traffic volume for a given period measures the number of minutes of calls over our network for the period, including mobile-to-mobile, mobile-to-fixed, and fixed-to-mobile calls (national and international). The table below sets forth selected traffic data for our mobile business for the periods indicated.

	For the year ended December 31,		
	2010	**2011**	**2012**
	(Minutes of calls / percentages)		
Total voice traffic(1)	2,897	3,677	3,814
Increase over prior equivalent period	5.3%	26.9%	3.7%
SMS traffic(2)	1,654	1,937	2,006
Increase over prior equivalent period	7.7%	17.1%	3.6%
AMOU(3)	161	204	194
Increase over prior equivalent period	6.5%	27.2%	-5.1%

(1) In millions of outgoing minutes and incoming off-network minutes.

(2) In millions of outgoing messages and incoming off-network messages.

(3) AMOU, or average minutes of use, is defined as total traffic minutes for the period divided by the total number of average mobile handset subscribers for the period, divided by the number of months in the period. We define "the average number of mobile handset subscribers for the period" as the average of each month's average number of mobile handset subscribers calculated as the average of the total number of mobile handset subscribers at the beginning of the month and the total number of mobile handset subscribers at the end of the month.

AMOU decreased for the year ended December 31, 2012 compared to the year ended December 31, 2011, which decrease mainly reflects a shift to data services. AMOU increased for the for the year ended December 31, 2011 compared to the year ended December 31, 2010, principally due to the successful launch of our Orange Me offering in August 2010 which includes a number of plans with unlimited voice traffic as well as the launch of Orange Young at the end of June 2011.

Access and Interconnection Fees

Access and interconnection fees paid and received contribute to our mobile revenues and costs. We receive revenues from other operators for calls terminated on our network and we are required to pay fees to other mobile operators for calls terminated on their mobile networks. This is applicable to both domestic and international calls.

Access and interconnection fees are based on set MTRs. MTRs in Switzerland decreased significantly from 2008 to 2012, by 57.6 % for Swisscom, Sunrise and us, with a particularly sharp reduction between the average MTR in effect in 2010 and the MTR in effect in 2012 of 44% for Swisscom and 42.6% for Sunrise and us. This was due to negotiation among the three major Swiss operators following guidance from ComCom in Switzerland, which advocates reductions in MTRs in order to decrease costs for consumers.

	For the year ended December 31,		
	2010	**2011**	**2012**
	(CHF/minute)		
MTRs Swisscom	0.125	0.07	0.07
MTRs Orange Switzerland/Sunrise	0.1525	0.0875	0.0875

Source: ComCom, OFCOM

The MTRs for 2011 for mobile voice agreed between us, Swisscom and Sunrise, for example, were approximately 43% lower than the MTRs applicable in 2010. The MTRs for 2011 will be valid until June 30, 2013. We entered into a new agreement with Swisscom and Sunrise, which defines the level of the MTRs until mid-2015. As a consequence, MTR reductions are not expected to have a material impact on EBITDA in the next two years. At any time each party may ask ComCom to determine the MTRs based on the then applicable rules of the Swiss Telecommunications Act. In such case, ComCom could choose to determine MTRs in a way which would likely result in lower MTRs.

As our access and interconnection revenues have exceeded our access and interconnection fees during the period under review, the decrease in MTRs has had a greater negative impact on our revenues than on our gross margin. See "*Risk Factors—Risks Related to Our Market and Our Business—We are exposed to decreases in MTRs and other rates such as roaming tariffs*."

In the analysis of our results of operations set out below, to aid in the evaluation of our underlying operating performance, we provide certain financial data on a restated basis to exclude the impact of changes in MTRs during the periods under review by using constant MTRs, which are calculated assuming that MTRs for the applicable period would have been the same as the MTRs applicable from January 1, 2011 onwards.

General Economic Conditions

Many European countries, including Switzerland, have experienced an economic slowdown, which included a general contraction in consumer spending resulting from, among other factors, reduced consumer confidence, falling gross domestic product, rising unemployment rates and uncertainty in the macroeconomic environment.

We operate in the telecommunications sector where underlying demand has proven to be less cyclical than other sectors in the course of the current global financial and economic crisis. In addition, the Swiss economy also showed itself to be relatively resilient through the recent economic crisis as compared to other European economies.

However, recessionary conditions typically adversely impact consumer spending, including on telecommunications services and products, which in turn impacts our subscriber base and revenues. Consumers may spend less on an incremental basis, such as by placing fewer calls or migrate to cheaper price plans. Consumers may also delay the replacement of their existing handset (which reduces our retention costs). Recessionary conditions may continue to weigh on the growth prospects of the Swiss telecommunications market in terms of the penetration of new value-added services and traffic, ARPU and number of subscribers and, in particular, the volume of business subscribers.

Proposed Merger with Sunrise

In November 2009, our parent company prior to the Acquisition, France Telecom, and TDC, the Danish telecommunications company and controlling shareholder of Sunrise at the time of the proposed merger, announced that we would be merging our operations with those of Sunrise. In April 2010, the Swiss competition commission declined to approve the proposed merger. Our plan to merge with Sunrise, and its subsequent cancellation, had the following material impacts on our results of operations in 2010:

- while we were anticipating completion of the merger with Sunrise, our commercial efforts focused on the higher value subset of our postpaid customer base, resulting in slower growth of our overall postpaid customer base in 2010. With the launch of Orange Me in August 2010, we resumed our focus on growing our overall subscriber base. See "*—Key Factors Affecting Results of Operations—Mobile Subscriber Base*."
- we incurred additional expenses of CHF 4.3 million in connection with the merger in 2010, consisting principally of external advisor fees, as well as a bonus paid to certain employees for their contribution to the project.
- due to the planned merger, and in anticipation of the synergies we expected to realize from it, we postponed certain programmed network capital expenditures in part of 2010. We resumed our capital expenditure program during the second half of 2010, and the first half of 2011.

Mobile Network Upgrade

With the growing penetration of smartphones and the increasing demand in data services, upgrading and maintaining our network is key to the provision of our services to our customers. The perception of the network quality is an important factor for us to be able to retain our subscribers, therefore being a driver of our churn. The quality of our network represents a key element in our ability to attract new customers.

The upgrade and maintenance of our network has a direct impact on the level of our expenses and the capital expenditures we incur each year. In 2010, we invested in the upgrade of our 3G capacity and speed of our network. In the first half of 2011, we launched a radio access network swap and renewal program to improve our 2G and 3G access network quality, capacity and coverage, including implementing new data functionality and rationalizing the access network. As a result of this renewal project, the majority of our access equipment was replaced before the first quarter of 2013. We expect that the new equipment will also bring additional benefits in terms of lower operating costs, which are attributable to decreased energy consumption, lower maintenance costs and a reduced number of Base Station Controllers ("BSCs"). See "*—Liquidity and Capital Resources—Capital Expenditures and Investments*."

Effects of the Acquisition and the Separation

In connection with the Acquisition, we repaid and cancelled our outstanding FT shareholders' loans and completed the Acquisition Transactions. As a result of the Acquisition, the Group (MMH and its subsidiaries) is highly leveraged. The interest expenses of the Group are significantly higher than the historical interest expenses of the Company before the Acquisition.

Our separation from the FT Group may also result in an increase in certain of our costs going forward, particularly in connection with a potential rebranding of the Group (which we anticipate will amount to approximately CHF 40 million (in addition to regular marketing and advertising costs) and will be partially or fully capitalized), as well as additional costs in connection with our reduced reliance on the FT Group for roaming. Pursuant to the roaming agreement with FT dated December 23, 2011, the terms of settlement for inter-operator tariffs between the FT Group and us may shorten after 2013 from 365 days at present. In addition, the amount of inter-operator tariff discounts under the roaming agreement will decrease over time in line with the decrease in committed roaming traffic under the agreement. There is a risk that these items will materially and adversely affect our net working capital requirements in 2014, although we are unable to quantify that risk at present.

MVNOs

Revenues from MVNOs were CHF 15.9 million, CHF 13.2 million and CHF 3.9 million for the years ended December 31, 2010, 2011 and 2012, respectively. The MVNO market in Switzerland accounts for a small proportion of the Swiss mobile market revenues and accordingly, we believe that there is potential for further growth in this market. However, the increase in market share of MVNOs is expected to result in increased competition and accordingly increased pressure on prices. Our ability to increase our share in the MVNO market will be dependent on our ability to overcome the termination of the Lycamobile contract in March 2013, capitalize on our other existing MVNO relationships and create new ones. We entered into MVNO contracts with Ortel and UPC Cablecom in 2011 and Transatel in 2010.

Key Income Statement Line Items

Revenues

Revenues from our activities include:

- network revenues, including mobile subscriber revenues, visitor roaming revenues, access and interconnection fees paid to us and revenues from MVNOs. Mobile subscriber revenues mainly consist of revenues from voice (including ingoing and outgoing calls), non-voice (including SMS, MMS and data services for handsets) and mobile broadband (wireless internet access through a laptop, tablet or dongle) services. Visitor roaming revenues represent revenues received from our roaming partners for their customers' use of services on our network. Revenues from MVNOs are typically generated by charging the MVNOs fees related to their usage on our network;
- equipment revenues, which correspond to the sale of handsets;
- other mobile services revenues, which mainly include transit revenues (calls issued from another operator and which are destined to someone who is not our subscriber), income from administration and penalties and Citydisc margin sales, which we discontinued in March 2012; and
- fixed line revenues, which have been marginal historically (see "*Business—Business Operations—Fixed Voice and Broadband Internet*").

Operating Costs

Our operating costs include:

- access backbone and interconnection fees, which include interconnection fees, fixed network costs and transmission leased lines (related to the lease of access circuits from other network providers);
- commercial expenses, which include commissions paid out to distributors for signing or retaining subscribers, advertising, sponsoring and promotion expenses and cost of equipment sold;
- network, IT, property expenses and other purchases;
- labor expenses, which include salaries and wages, social contributions, individual incentive/bonus plans and the cost of post-employment benefits;
- other operating expenses, which include the cost of customer bad debt, the cost of spectrum fees and further operating expenses, in particular capital investment taxes;
- restructuring and transaction costs;
- corporate and brand fees;
- depreciation and impairment of tangible fixed assets; and
- amortization and impairment of intangible fixed assets.

Other Operating Income

Other operating income includes net foreign exchange gains and losses on trade payables and receivables and further operating income, in particular costs recharged to affiliated companies of the FT Group.

Results of Operations

The table below shows the Company's consolidated results of operations for the years ended December 31, 2010, 2011 and 2012.

	Orange			**MMH**	**Aggregate (Orange and MMH)**
	For the year ended December 31,		**January 1, 2012 to February 29,**	**March 1, 2012 to December 31,**	**January 1, 2012 to December 31,**
	2010	**2011**	**2012**	**2012**	**2012**
	(CHF in thousands)				
Revenues	1,295,453	1,248,773	203,560	1,118,056	1,321,616
Access back bone and interconnection	(239,586)	(226,757)	(35,664)	(184,261)	(219,925)
Commercial expenses and cost of equipment sold	(370,586)	(364,218)	(58,138)	(354,412)	(412,550)
Network, IT, property expenses and other purchases	(197,300)	(175,344)	(31,010)	(146,800)	(177,810)
Labor expenses	(137,572)	(142,885)	(23,155)	(113,338)	(136,493)
Other operating expenses	(18,510)	(20,020)	(4,773)	(16,788)	(21,561)
Other operating income	19,664	22,987	7,951	4,065	12,016
Result on disposal and other gains	—	—	10	122	132
Restructuring and transaction costs	(6,944)	(2,873)	(1,079)	(45,290)	(46,369)
Corporate and brand fees	(31,060)	(29,255)	(4,991)	(18,897)	(23,888)
Depreciation, amortization and impairment	(185,244)	(196,565)	(29,702)	(238,827)	(268,529)
Operating income	128,316	113,843	23,009	3,629	26,638
Financial expenses	(20,197)	(19,556)	(2,373)	(100,362)	(102,735)
Financial income	4,016	2,244	73	5,426	5,499
Finance costs, net	(16,181)	(17,312)	(2,300)	(94,936)	(97,236)
Net income before tax	112,135	96,531	20,709	(91,308)	(70,599)
Income tax	(16,384)	3,695	(5,828)	(13,512)	(19,340)
Net income/(loss)	95,751	100,226	14,881	(104,820)	(89,939)
Net income/(loss) attributable to equity owners	95,751	100,226	14,881	(104,820)	(89,939)

Summary Statement of Financial Position Information of the Company

	Orange		MMH
	As of December 31,		
	2010	2011	2012
	(CHF in thousands)		
Total non-current assets	1,023,040	1,001,365	2,200,207
Total current assets	572,523	779,082	497,750
Total Assets	**1,595,563**	**1,780,447**	**2,697,957**
Total non-current liabilities	987,470	1,056,615	1,583,593
Total current liabilities	467,183	501,523	575,067
Total Liabilities	**1,454,653**	**1,558,138**	**2,158,660**
Total Equity	**140,910**	**222,309**	**539,297**
Total Equity and Liabilities	**1,595,563**	**1,780,447**	**2,697,957**

Year Ended December 31, 2012 as Compared to Year Ended December 31, 2011

Revenues

Our total revenues were CHF 1,321.6 million for the year ended December 31, 2012, an increase of CHF 72.8 million, or 5.8%, from total revenues of CHF 1,248.8 million for the year ended December 31, 2011. This increase in total revenues was primarily due to higher network revenues, which were driven by a growth of our ARPU and our subscriber base and an increase in equipment revenue.

	For the year ended December 31,		Aggregate (Orange and MMH)		Change	
	2011	% of total revenues	January 1, 2012 to December 31, 2012	% of total revenues	Amount	%
	(CHF in thousands / percentages)					
Network	1,107,750	88.7%	1,141,764	86.4%	34,014	3.1
Equipment	93,614	7.5%	124,285	9.4%	30,671	32.8
Other mobile services	39,214	3.1%	48,716	3.7%	9,502	24.2
Fixed line	8,195	0.7%	6,851	0.5%	(1,344)	(16.4)
Total revenues	**1,248,773**	**100.0%**	**1,321,616**	**100.0%**	**72,883**	**5.8**

Network revenues were CHF 1,141.8 million for the year ended December 31, 2012, an increase of CHF 34.0 million, or 3.1 %, from CHF 1,107.8 million for the year ended December 31, 2011. This increase in network revenues was primarily driven by an increase in mobile subscriber revenues. Mobile subscriber revenues were CHF 1,101.3 million for the year ended December 31, 2012, an increase of CHF 51.4 million, or 4.9%, from CHF 1,049.9 million for the year ended December 31, 2011. The increase in mobile subscriber revenues for the year ended December 31, 2012 compared to the year ended December 31, 2011 was primarily attributable to an increase of 3.8% in our subscriber base and an increase of 0.9% in our ARPU. This increase in ARPU reflects the commercial success of our Orange Me offering, the growth of non-voice revenues driven by data and the change in charging interval that we implemented in August 2011, which was partly offset by an increase of Orange Young subscribers in our subscriber mix. In addition, the decrease in visitor roaming revenues during the period reflected decreasing net inter operator tariffs ("IOTs") as well as fluctuations in foreign exchange rates (as net IOTs are generally denominated in euro) and a decrease in MVNO-driven revenue generated under our contract with Lycamobile, which terminated in March 2013. See "*—Key Factors Affecting Results of Operations—ARPU*."

Equipment revenue was CHF 124.3 million for the year ended December 31, 2012, an increase of CHF 30.7 million, or 32.8%, from CHF 93.6 million for the year ended December 31, 2011, mainly driven by a reclassification of certain cost from revenue equipment to commercial expenses (CHF 10.3 million) and a volume increase thanks to an increase of Orange Young subscribers in our subscriber mix.

Other mobile services revenues were CHF 48.7 million for the year ended December 31, 2012, an increase of CHF 9.5 million, or 24.2%, from CHF 39.2 million for the year ended December 31, 2011. This increase in other mobile services revenues was mainly due to our new policy of charging customers that receive paper bills from September 2012 onwards and higher transit revenues over the period.

Fixed line revenues totaled CHF 6.9 million for the year ended December 31, 2012, a decrease of 16.4% from CHF 8.2 million for the year ended December 31, 2011.

The table below sets out our revenues by subscriber categories for the periods indicated.

	For the year ended December 31,				Change	
	2011	% of network revenues	2012	% of network revenues	Amount	%
	(CHF in thousands / percentages)					
Postpaid residential subscribers	790,222	71.3%	850,023	74.4%	59,801	7.6%
Prepaid residential subscribers	99,412	9.0%	90,249	7.9%	(9,163)	-9.2%
Postpaid business subscribers	160,274	14.5%	161,049	14.1%	775	0.5%
Total mobile subscriber revenues	**1,049,909**	**94.7%**	**1,101,322**	**96.5%**	**51,413**	**4.9%**
Other[(1)]	57,841	5.2%	40,442	3.5%	(17,399)	-30.1%
Network revenues	**1,107,750**	**100.0%**	**1,141,764**	**100.0%**	**34,014**	**3.1%**

(1) Other network revenues include revenues from visitor roaming and MVNOs.

The table below sets out our mobile subscriber revenues by type of service.

	For the year ended December 31,	
	2011	2012
	(CHF in thousands)	
Voice	**690,684**	**701,960**
Non-voice	**359,225**	**399,361**
Handset[(1)]	335,934	380,397
Mobile broadband[(2)]	23,291	18,964
Total mobile subscriber revenues	**1,049,909**	**1,101,322**
Other[(3)]	57,841	40,442
Total network revenues	**1,107,750**	**1,141,764**

(1) Includes data services on telephone handsets.

(2) Includes data services on devices other than telephone handsets, such as laptops, tablets and dongles.

(3) Other network revenues include revenues from visitor roaming and MVNOs.

Access and Interconnection Fees

Access and interconnection fees were CHF 219.9 million for the year ended December 31, 2012, a decrease of CHF 6.9 million, or 3.0%, from CHF 226.8 million for the year ended December 31, 2011. The decrease in interconnection fees during the period was mainly due to the decrease of roaming prices and international traffic. In the year ended December 31, 2011, we experienced an unexpectedly high increase in outgoing traffic to certain international locations following the launch of our unlimited call plans as part of the Orange Me offering, which led to high interconnection costs. Corrective actions taken in March 2012 have resulted in a containment of excess usage and a decrease of access and interconnection fees in the year ended December 31, 2012 compared to the year ended December 31, 2011.

Commercial Expenses and Cost of Equipment Sold

Commercial expenses and cost of equipment sold were CHF 412.6 million for the year ended December 31, 2012, an increase of CHF 48.4 million from CHF 364.2 million for the year ended December 31, 2011.

The increase in commercial expenses is driven by a reclassification of certain cost from revenue equipment to commercial expenses (CHF 10.3 million). In addition, higher retention volumes, higher subscriber retention costs due to higher COGS on hero devices and an increase of subsidies in the market also increased our commercial expenses and cost of equipment sold for the year ended December 31, 2012.

Network, IT, Property Expenses and Other Purchases

Network, IT, property expenses and other purchases were CHF 177.8 million for the year ended December 31, 2012, an increase of CHF 2.5 million, or 1.4%, from CHF 175.3 million for the year ended December 31, 2011. The increase principally reflected the reversal of accruals relating to purchase orders made in 2011 and an increase in network and IT charges incurred in 2012, reflecting a phasing effect with costs recorded in 2011 while related discounts were booked in 2012.

Labor Expenses

Labor expenses were CHF 136.5 million for the year ended December 31, 2012, a decrease of CHF 6.4 million, or 4.5%, from CHF 142.9 million for the year ended December 31, 2011, mainly reflecting a decrease in the number of our full time employees. In the first half of 2012, 30 full time employees left the Company, and the related expenses were accounted below other operating income.

Other Operating Expenses

Other operating expenses were CHF 21.6 million for the year ended December 31, 2012, an increase of CHF 1.6 million, or 8% from CHF 20.0 million for the year ended December 31, 2011. This increase was mostly attributable to lower foreign exchange gains on trade payables and receivables.

Other Operating Income

Other operating income was CHF 12.0 million for the year ended December 31, 2012, a decrease of CHF 11.0 million, or 47.8%, from CHF 23.0 million for the year ended December 31, 2011. This decrease principally reflected the expenses in relation to 30 full time employees that left the Company in the first half of 2012.

Restructuring and Transaction Costs

Restructuring and transaction costs were CHF 46.4 million for the year ended December 31, 2012 compared to CHF 2.9 million for the year ended December 31, 2011. The restructuring and transaction costs for the year ended December 31, 2012 were mostly attributable to costs with respect to the Acquisition and the execution of certain optimization strategies including the discontinuation of our Citydisc multimedia activities.

Corporate and Brand Fees

Corporate and brand fees were CHF 23.9 million for the year ended December 31, 2012, a decrease of CHF 5.4 million, or 18.4%, from CHF 29.3 million for the year ended December 31, 2011. This decrease is mainly driven by the discontinuation of the payment of corporate fees to FT Group since March 2012.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment expenses were CHF 268.5 million for the year ended December 31, 2012, an increase of CHF 71.9 million, or 36.6%, from CHF 196.6 million for the year ended December 31, 2011. The increase was primarily attributable to the effects of purchase price accounting relating to the Acquisition, which led to an amortization charge of CHF 71.6 million in 2012.

Operating Income

As a result of the foregoing factors, operating income was CHF 26.6 million for the year ended December 31, 2012 and CHF 113.8 million for the year ended December 31, 2011, representing operating margins 2.0% and 9.1%, respectively.

Financial Expenses

Financial expenses were CHF 102.7 million for the year ended December 31, 2012, an increase of CHF 83.1 million from CHF 19.6 million for the year ended December 31, 2011. This increase mainly relates to the interest incurred on the Existing Senior Secured Notes and the Existing Senior Notes.

Financial Income

Financial income was CHF 5.5 million for the year ended December 31, 2012, an increase of CHF 3.3 million from CHF 2.2 million for the year ended December 31, 2011. The increase in financial income was primarily due to favorable foreign exchange gains in 2012.

Income Tax

The following table sets forth our income tax expense for the year ended December 31, 2011 as compared to the year ended December 31, 2012.

	For the year ended December 31,		Change	
	2011	**2012**	**Amount**	**%**
	(CHF in thousands / percentages)			
Current tax expense in respect of the current year	(394)	(705)	311	78.9%
Deferred tax income / (expense)	4,089	(18,635)	22,724	NM
Total income tax	**3,695**	**(19,340)**	**23,035**	**NM**

Income tax increased by CHF 23.0 million, from a credit of CHF 3.7 million for the year ended December 31, 2011 to an expense of CHF 19.3 million for the year ended December 31, 2012, mainly due to an increase in deferred tax expenses. This increase is mainly explained by an increase of deferred tax expense amounting to CHF 13.5 million relating to hedge accounting and an increase of deferred tax expense relating to tax losses carry forward amounting to CHF 27.2 million, partly offset by a decrease of deferred tax expense relating to intangible assets (CHF 16.7 million), in relation to the purchase price allocation.

Year Ended December 31, 2011 as Compared to Year Ended December 31, 2010

Revenues

Our total revenues decreased by CHF 46.7 million, or 3.6%, from CHF 1,295.5 million for the year ended December 31, 2010 to CHF 1,248.8 million for the year ended December 31, 2011. This decrease in total revenues is primarily attributable to the drop in the MTRs that occurred in October 2010 and January 2011 and a change in our accounting for equipment revenues. Prior to June 2011, we recorded sales of equipment to distributors on a gross basis with the corresponding customer discount being recorded as an expense. From June 2011 onwards, we have recorded sales of equipment to distributors net of customer discounts. Periods prior to 2011 have not been restated to reflect this change.

	For the year ended December 31,				Change	
	2010	**% of total revenues**	**2011**	**% of total revenues**	**Amount**	**%**
	(CHF in thousands / percentages)					
Network	1,124,757	86.8%	1,107,750	88.7%	(17,007)	(1.5)%
Equipment	113,635	8.8%	93,614	7.5%	(20,021)	(17.6)%
Other mobile services	48,333	3.7%	39,214	3.1%	(9,119)	(18.9)%
Fixed line	8,728	0.7%	8,195	0.7%	(533)	(6.1)%
Total revenues	1,295,453	100.0%	1,248,773	100.0%	(46,680)	(3.6)%

Network revenues were CHF 1,107.8 million for the year ended December 31, 2011, a decrease of CHF 17.0 million, or 1.5%, from CHF 1,124.8 million for the year ended December 31, 2010.

This decrease in network revenues for the year ended December 31, 2011 compared to the year ended December 31, 2010 was primarily attributable to a decrease in access and interconnection revenues, itself due to the decrease in MTRs during the period and a decrease in prepaid residential subscriber revenues. This decrease more than offsets the increase in billed revenues from postpaid services reflecting the commercial success of our Orange Me offering, growth of non-voice revenues driven by data and the change in charging interval that we implemented in August 2011. In addition, the decrease in visitor roaming revenues during that period reflected decreasing net inter operator tariffs as well as fluctuations in foreign exchange rates (as net inter operator tariffs are generally denominated in euro). See "—*Key Factors Affecting Results of Operations—ARPU*." At constant MTRs, our network revenue is CHF 1,107.8 million for the year ended December 31, 2011 and would have been CHF 1,062.5 million for the year ended December 31, 2010, an increase of CHF 45.2 million or 4.3%.

Equipment revenues were CHF 93.6 million for the year ended December 31, 2011, a decrease of CHF 20.0 million, or 17.6%, from CHF 113.6 million for the year ended December 31, 2010. Of this CHF 20.0 million decrease, a significant portion was due to a change in accounting treatment applied in 2011. Prior to June 2011, we recorded sales of equipment to distributors on a gross basis with the corresponding customer discount being recorded as an expense. From June 2011 onwards, we have recorded sales of equipment to distributors net of customer discounts. Periods prior to 2011 have not been restated to reflect this change. The remainder of the decrease in equipment revenues for the year ended December 31, 2011 compared to the year ended December 31, 2010 was due to a decrease in equipment sale volumes in 2011, principally as a result of the discontinuation of our non-core activity of buying and reselling telecommunications equipment.

Other mobile services revenues were CHF 39.2 million for the year ended December 31, 2011, a decrease of CHF 9.1 million, or 18.9%, from CHF 48.3 million for the year ended December 31, 2010. This decrease in other mobile services revenues was mainly due to a decrease in revenues from the resale of network capacity to other operators and to lower administration and penalty fees charged to customers. Fixed line revenues totaled CHF 8.2 million for the year ended December 31, 2011, a decrease of 6.1% from CHF 8.7 million for the year ended December 31, 2010.

The table below sets out our revenues by subscriber categories for the periods indicated.

	For the year ended December 31,				Change	
	2010	% of network revenues	2011	% of network revenues	Amount	%
	(CHF in thousands)					
Postpaid residential subscribers	772,201	68.7%	790,222	71.3%	18,021	2.3%
Prepaid residential subscribers	116,182	10.3%	99,412	9.0%	(16,770)	(14.4)%
Postpaid business subscribers	159,065	14.1%	160,274	14.5%	1,209	0.8%
Total mobile subscriber revenues	1,047,448	93.1%	1,049,909	94.7%	2,461	0.2%
Other[(1)]	77,309	6.9%	57,841	5.2%	(19,468)	(25.2)%
Network revenues	1,124,757	100.0%	1,107,750	100.0%	(17,007)	(1.5)%

(1) Other network revenues include revenues from visitor roaming and MVNOs.

The table below sets forth a breakdown of our mobile subscriber revenues by type of service.

	For the year ended December 31,	
	2010	2011
	(CHF in thousands)	
Voice	728,257	690,684
Non-voice	319,191	359,225
Handset[(1)]	293,816	335,934
Mobile broadband[(2)]	25,375	23,291
Total mobile subscriber revenues	**1,047,448**	**1,049,909**
Total network revenues	**1,124,757**	**1,107,750**

(1) Includes data services on telephone handsets.

(2) Includes data services on devices other than telephone handsets, such as laptops, tablets and dongles.

Access and Interconnection Fees

Access and interconnection fees were CHF 226.8 million for the year ended December 31, 2011, a decrease of CHF 12.8 million, or 5.4%, from CHF 239.6 million for the year ended December 31, 2010. The decrease in MTRs during the period led to a decrease in access and interconnection fees, partly offset by costs associated with an increase in outgoing traffic in the first quarter of 2011. The increase in outgoing traffic during that period was due to the high take-up of the unlimited plans as part of the Orange Me offering.

Commercial Expenses and Cost of Equipment Sold

Commercial expenses and cost of equipment sold were CHF 364.2 million for the year ended December 31, 2011, a decrease of CHF 6.4 million, or 1.7%, from CHF 370.6 million for the year ended December 31, 2010. A significant portion of the CHF 6.4 million decrease was due to the change in accounting treatment discussed above, under which we started recording revenues from the sale of equipment to our distributors net of customer discounts in 2011. In addition, subscriber retention costs decreased for the year ended December 31, 2011 compared to the year ended December 31, 2010, principally due to the implementation in early 2011 of a new commissioning scheme for distributors, which resulted in lower aggregate commissions paid.

Network, IT, Property Expenses and Other Purchases

Network, IT, property expenses and other purchases were CHF 175.3 million for the year ended December 31, 2011, a decrease of CHF 22.0 million, or 11.1%, from CHF 197.3 million for the year ended December 31, 2010. The decrease principally reflected the reversal of accruals made in prior periods which were no longer required, as well as decreases in network and IT charges primarily resulting from credits and rebates received from suppliers under existing contractual arrangements, and savings achieved in consulting and professional services. In 2011, we initiated a review of accruals recorded prior to 2010 which resulted in reversals of expenses for the year ended December 31, 2011 (including related to network and IT expenses and property expenses).

Labor Expenses

Labor expenses were CHF 142.9 million for the year ended December 31, 2011, an increase of CHF 5.3 million, or 3.9%, from CHF 137.6 million for the year ended December 31, 2010. The increase in labor expenses was primarily attributable to an increase in headcount notably linked to the in-sourcing of certain activities, including customer care and to salary increases.

Other Operating Expenses

Other operating expenses were CHF 20.0 million for the year ended December 31, 2011, an increase of CHF 1.5 million, or 8.2%, from CHF 18.5 million for the year ended December 31, 2010. This increase was primarily attributable to a CHF 2.4 million increase in spectrum fees from CHF 7.3 million for the year ended December 31, 2010 to CHF 9.7 million for the year ended December 31, 2011, which increase was partly offset by lower capital investment tax.

Other Operating Income

Other operating income was CHF 23.0 million for the year ended December 31, 2011, an increase of CHF 3.3 million, or 16.9%, from CHF 19.7 million for the year ended December 31, 2010. This increase was primarily attributable to a CHF 2.8 million increase in foreign exchange gains on trade payables and receivables.

Restructuring and Transaction Costs

Restructuring and transaction costs were CHF 2.9 million for the year ended December 31, 2011, a decrease of CHF 4.1 million, or 58.6%, from CHF 6.9 million for the year ended December 31, 2010. The decrease in restructuring and transaction costs in the year ended December 31, 2011 compared to the year ended December 31, 2010 was primarily attributable to the costs incurred in 2010 in the context of the merger plan with Sunrise and its subsequent cancellation, including transaction costs of CHF 4.3 million and to restructuring costs of CHF 2.7 million. By contrast, we recorded no material transaction costs and CHF 2.9 million of restructuring costs in the year ended December 31, 2011.

Corporate and Brand Fees

Corporate and brand fees were CHF 29.3 million for the year ended December 31, 2011, a decrease of CHF 1.8 million, or 5.8%, from CHF 31.1 million for the year ended December 31, 2010. The decrease in corporate and brand fees was predominantly due to lower operating revenues generated over the period as such fees are calculated as a percentage of operating revenues.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment losses were CHF 196.6 million for the year ended December 31, 2011, an increase of CHF 11.3 million, or 6.1%, from CHF 185.2 million for the year ended December 31, 2010. The increase in depreciation, amortization and impairment losses was primarily attributable to the ramp-up in our network capital expenditure plan and, in particular, to depreciation of old equipment (consisting of 2G hardware and software assets and 3G hardware assets) as part of our radio access network swap programs.

Operating Income

As a result of the foregoing factors, our operating income was CHF 113.8 million for the year ended December 31, 2011 and CHF 128.3 million for the year ended December 31, 2010, representing operating margins of 9.1% and 9.9%, respectively. This decrease was primarily attributable to the decline in MTRs and an increase in depreciation, amortization and impairment losses. At constant MTRs, our operating income is CHF 113.8 million for the year ended December 31, 2011 and would have been CHF 94.5 million for the year ended December 31, 2010, an increase of 20.4%.

Financial Expenses

Financial expenses were CHF 19.6 million for the year ended December 31, 2011, a decrease of CHF 0.6 million, or 3.2%, from CHF 20.2 million for the year ended December 31, 2010. The decrease in financial expenses was primarily attributable to the reclassification of credit card and bank fees and early payment discounts as part of operating income in 2011, with no restatement of the prior period.

Financial Income

Financial income was CHF 2.2 million for the year ended December 31, 2011, a decrease of CHF 1.8 million, or 44.1%, from CHF 4.0 million for the year ended December 31, 2010. The decrease in financial income was primarily attributable to a lower amount of cash and cash equivalents on average for the year ended December 31, 2011 compared with the year ended December 31, 2010 following a payment of dividends to our shareholder.

Income Tax

The following table sets forth our income tax expense for the year ended December 31, 2010 as compared to the year ended December 31, 2011.

	For the year ended December 31,		Change	
	2010	**2011**	**Amount**	**%**
	(CHF in thousands/percentages)			
Current tax expense in respect of the current year	(498)	(394)	104	20.9%
Deferred tax income / (expense)	(15,886)	4,089	19,975	NM
Total income tax	**(16,384)**	**3,695**	**20,079**	**NM**

Income tax expense decreased by CHF 20.1 million from CHF 16.4 million for the year ended December 31, 2010 to a surplus of CHF 3.7 million for the year ended December 31, 2011, mainly due to a decrease in deferred tax expenses.

Liquidity and Capital Resources

Sources of Liquidity for the Group

Prior to the Acquisition, the Company's principal source of liquidity was cash flow generated from its operations as well as intercompany loans from France Telecom and credit facilities in the form of bank overdrafts and cash pooling arrangements with France Telecom. The following discussion with respect to sources of liquidity relates to the liquidity of the Group since the Acquisition.

Since the Acquisition, the Group's principal source of liquidity has been, and is expected to be, its operating cash flows, which are described below. The Group's ability to generate cash from its operations depends on its future operating performance, which is in turn dependent on general economic, financial, competitive, market, regulatory and other factors, including those discussed under *"Risk Factors,"* many of which are beyond its control.

We currently have a Revolving Credit Facility in the amount of CHF 100 million. As of the December 31, 2012, we had no outstanding borrowings under the Revolving Credit Facility. In addition, as of December 31, 2012, we had cash and cash equivalents of CHF 139.7 million.

Although we believe that the Group's expected operating cash flows, together with cash on hand and future availability under the Revolving Credit Facility, will be adequate to meet our anticipated liquidity and debt service needs, we cannot be certain that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs.

We believe that the potential risks to our liquidity include:

- a reduction in operating cash flows due to a decline in operating profit from our operations, which could be caused by a downturn in our performance (amongst others, loss of customers or ARPU decline) or in the industry as a whole;
- a failure to maintain low working capital requirements;
- the need to fund network upgrades and other development capital expenditures; and
- the need to fund maintenance capital expenditures.

If our future cash flows from operations and other capital resources (including borrowings under the Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We may not accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of the Existing Notes, the Notes, the Revolving Credit Facility and any future debt may limit our ability to pursue any of these alternatives.

The Issuer is a holding company with no independent business operations or significant assets other than investments in its subsidiaries. The Issuer depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations. We intend to provide funds to the Issuer in order to meet the obligations on the Notes through a combination of dividends and other intercompany loans. However, various agreements governing our debt may restrict, and in some cases may actually prohibit, the ability of these subsidiaries to move cash outside of their restricted group. Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In particular, the ability of MMH to pay dividends to Matterhorn Midco and of Matterhorn Midco to pay dividends to the Issuer will generally be limited to the amount of distributable reserves available at MMH and Matterhorn Midco, respectively.

Unless stated otherwise, the remainder of the liquidity and capital resources discussion relates to the financial information of the Company.

Cash Flows

The table below sets out certain information related to the Company's cash flows.

	Orange			MMH	Aggregate (Orange and MMH)
	For the year ended December 31,		January 1, 2012 to February 29, 2012	March 1, 2012 to December 31, 2012	January 1, 2012 to December 31, 2012
	2010	2011			
			(CHF in thousands)		
Consolidated net income	**95,751**	**100,226**	**14,881**	**(104,820)**	**(89,938)**
Adjustments to reconcile net income/ (loss) to funds generated from operations					
Depreciation and amortization	183,317	191,114	28,759	219,673	248,432
Impairment of non-current assets	1,927	5,451	943	19,155	20,098
Result on disposal of PPE	0	—	(10)	(122)	(132)
Change in other provisions	(3,604)	678	1,676	2,952	4,628
Income tax recognized in the P&L	16,384	(3,695)	5,828	13,512	19,340
Interest income and expense, net	17,276	16,794	2,332	99,077	101,409
Foreign exchange gains and losses, net	(590)	990	292	(3,112)	(2,821)
Derivatives	(437)	(540)	—	(2,463)	(2,463)
Change in inventories, trade receivables and trade payables					
Decrease / (increase) in inventories	7,336	(3,360)	2,903	6,197	9,100
Decrease / (increase) in trade receivables	45,670	(29,333)	(15,053)	(1,837)	(16,889)
Increase / (decrease) in trade payables	(41,803)	12,476	24,581	35,987	60,568
Other changes in working capital requirements					
Decrease / (increase) in other receivables	18,444	17	(39,235)	27,093	(12,142)
Increase / (decrease) in other payables	6,009	6,111	(325)	(2,526)	(2,851)
Other net cash out					
Interest income received	1,483	250	—	—	—
Interest paid and interest rates effects on derivatives, net	(19,213)	(16,459)	—	—	—
Income tax paid	(498)	(394)	(67)	(638)	(705)
Decrease / (increase) in deposits			13	(508)	(495)
Net cash provided by operating activities	**327,452**	**280,326**	**27,518**	**307,620**	**335,138**
Purchases/sales of property, plant and equipment and intangible assets:					
Purchases of property, plant and equipment and intangible assets	(158,238)	(123,850)	(31,088)	(218,612)	(249,699)
Proceeds from sales of property, plant and equipment and intangible assets	—	—	225	27,276	27,500
Purchase of interests in subsidiaries, net of cash acquired	—	—	—	(1,317,286)	(1,317,286)
Purchase of interest in subsidiaries, net of cash acquired					
Cash paid for investment securities, net of cash acquired	—	—	—	—	—
Net cash used in investing activities	**(158,238)**	**(123,850)**	**(30,863)**	**(1,508,622)**	**(1,539,485)**
Issuance					
Bonds				1,301,913	1,301,913
Bonds issuance costs				(36,547)	(36,547)
Term loan A				102,197	102,197
Term loan A issuance costs				(15,970)	(15,970)
Long-term debt	—	—	89	—	89
Interest income received			73	146	219
Redemptions and repayments					
Term loan A			—	(102,197)	(102,197)
Repayment France telecom loan			(408,562)	(508,438)	(917,000)
Long-term debt	(232)	(95)	—	(136)	(136)
Interest paid and interest rates effects on derivatives, net	—	—	(5,102)	(60,728)	(65,830)
Other changes					
Equity contribution from APEM				738,306	738,306
Share premium increase				1,240	1,240
Repayment of share premium				(91,800)	(91,800)
Dividends paid	(300,000)	—	—	—	—
Net cash used in financing activities	**(300,232)**	**(95)**	**(413,502)**	**1,327,988**	**914,486**
Net change in cash and cash equivalents	(131,018)	156,381	(416,847)	126,985	(289,861)
Effects of FX rate on change in cash and cash equivalents	590	(989)	(22)	(4)	(27)
Cash and cash equivalents at the beginning of period	**404,536**	**274,108**	**429,500**	**12,710**	**429,500**
Cash and cash equivalents at the end of period	**274,108**	**429,500**	**12,631**	**139,691**	**139,691**

Net Cash Flow from Operating Activities

In this discussion:

- net working capital is defined as the sum of inventories, trade receivables, trade payables, other receivables and other payables;
- trade working capital is defined as the sum of inventories, trade receivables and trade payables; and
- inter-operator tariffs discounts receivables and payables are recorded in trade receivables and trade payables, respectively. Partnerships among operators are based on gross IOTs, defined by each operator through its AA.14 tariff list and are invoiced on a monthly basis based on the net outbound and/or inbound traffic. Each operator defines with its partners a net IOT amount, which is renegotiated every year. IOT discounts are accrued on a monthly basis and settled bilaterally by way of credit notes. Discounts for each year are generally paid in the first half of the following year. We believe that we benefit from a more profitable AA.14 than some other operators and are a net receiver in terms of traffic. As a result, we invoice other partners and grant more IOT discounts than we receive. Given the favorable, asymmetrical payment terms between gross IOT invoiced and IOT discounts issued, our working capital benefits as a result.

Net cash provided by operating activities for the year ended December 31, 2012 was CHF 335.1 million, reflecting our net loss of CHF 89.9 million adjusted to remove the non-cash effects of depreciation and amortization of CHF 248.4 million and the interest income and expense of CHF 101.4 million. Net working capital decreased by CHF 37.8 million for the year ended December 31, 2012. This decrease in net working capital was mostly driven by an increase in IOT discounts payables, due to an increased demand for data services.

We generated net cash from operating activities of CHF 280.3 million for the year ended December 31, 2011. Our net cash provided by operating activities for the year ended December 31, 2011 included net income of CHF 100.2 million, which has been adjusted to remove the non-cash effects of depreciation and amortization of CHF 191.1 million. Net working capital increased by CHF 14.1 million for the year ended December 31, 2011, principally reflecting an increase in trade receivables of CHF 29.3 million, itself mainly due to higher IOT discounts receivable. This was partly offset by an increase in trade payables of CHF 12.5 million due to an increase in IOT discounts payables of CHF 8.3 million.

We generated net cash from operating activities of CHF 327.5 million for the year ended December 31, 2010. Our net cash provided by operating activities for the year ended December 31, 2010 included net income of CHF 95.8 million, which has been adjusted to remove the non-cash effects of depreciation and amortization of CHF 183.3 million. Net working capital decreased by CHF 35.7 million for the year ended December 31, 2010, principally reflecting a decrease in trade accounts receivable of CHF 45.7 million, itself due to improvements in our collection process in 2010, offset in part by a decrease in trade payables of CHF 41.8 million due to the timing of the payment of brand and corporate fees to the France Telecom Group. In addition, other receivables decreased by CHF 18.4 million, as a result of the change in the commission payment scheme impacting prepaid expenses.

Net Cash Flow Used in Investing Activities

Net cash used in investing activities for the year ended December 30, 2012 was CHF 1,539.5 million. Net cash used in investing activities during the year ended December 31, 2012 consisted of CHF 1,317.3 million paid in connection with the Acquisition. In addition, net cash used in investing activities consisted of capital expenditures of CHF 298.0 million related to spectrum license expenditures (of which 60%, amounting to CHF 92.8 million, was paid on July 24, 2012), the change in fixed assets payables of (CHF 48.3 million) that was due to the deferred portion of the purchase price of our spectrum license, network capital expenditures for our RAN renewal plan (CHF 102.0 million) and IT capital expenditures (CHF 32.5 million). Net cash flow used in investing activities also reflects the CHF 27.1 million of proceeds from the sale-leaseback of our Biel office. See "—*Capital Expenditures and Investments*."

Net cash used in investing activities was CHF 123.9 million for the year ended December 31, 2011. Net cash used in investing activities during the year ended December 31, 2011 consisted of capital expenditures of CHF 142.7 million mainly related to network capital expenditures for our RAN renewal plan (CHF 95.1 million) and IT capital expenditures (CHF 41.5 million). The change in fixed assets payables of CHF 18.9 million reflects the expenses paid in connection with phasing our capital expenditures over the course of 2011.

Net cash used in investing activities was CHF 158.2 million for the year ended December 31, 2010. Net cash used in investing activities during the year ended December 31, 2010 consisted of capital expenditures of

CHF 147.7 million mainly related to network capital expenditures (CHF 73.5 million) and IT capital expenditures (CHF 65.3 million). In addition, we experienced a decrease in fixed assets payables of CHF 10.5 million.

Net Cash Flow Used in Financing Activities

Net cash provided by financing activities for the year ended December 31, 2012 was CHF 914.5 million, mainly reflecting the issuance of the Existing Senior Secured Notes and the Existing Senior Notes for an aggregate principal amount of CHF 1,301.9 million and the initial equity contribution of CHF 738.3 million partly offset by a share premium of CHF 91.8 million that was reimbursed in September 2012 and by the repayment of the FT shareholder's loan of CHF 917.0 million.

For the year ended December 31, 2011, net cash used in financing activities was CHF 0.1 million, compared to CHF 300.2 million for the year ended December 31, 2010. We used net cash of CHF 300.2 million in financing activities for the year ended December 31, 2010, principally reflecting a cash outflow of CHF 300 million as a result of a dividend payment made to FT in 2010.

Certain Other Contractual Commitments

The following table summarizes the Company's off-balance sheet contractual commitments likely to have a material effect on our current or future financial position as of December 31, 2012, excluding the contractual obligations set forth under "*Description of Certain Financing Arrangements*."

Payments due by period[1]	**Less than 1 year**	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**More than 5 years**	**Total**
			(CHF in thousands)				
Rental commitments[2]	53,394	34,195	24,009	18,785	14,748	26,862	171,993
Purchase commitments[3]	147,065	59,000	—	—	—	—	206,065
Capex commitments[4]	41,399	—	—	—	—	—	41,399
Total contractual obligations	**241,858**	**93,195**	**24,009**	**18,785**	**14,748**	**26,862**	**419,457**

(1) This table does not reflect the deferred spectrum installments, which appear on statement of financial position for each of MMH and the Company or the indebtedness payable under the Existing Notes and the Notes offered hereby and any related hedging arrangements.

(2) Rental commitments primarily relate to rental commitments in respect of property (offices, shops and network sites), vehicles, office equipment and other commitments.

(3) Purchase commitments mainly relate to handset firm orders with Apple and Samsung Electronics Co. Ltd. ("Samsung") and purchase of goods and services commitments relating to outsourcing of IT infrastructure and services with HP.

(4) Capex commitments mainly relate to network services, particularly the capitalized part of the costs related to the engineering, network and operational services provided by Ericsson and Nokia Siemens Networks.

Capital Expenditures and Investments

The following table shows the Company's capital expenditures defined as additions of property, plant and equipment and intangible assets for the periods indicated.

		For the year ended December 31,	
	2010	**2011**	**2012**
		(CHF in thousands)	
Property, plant and equipment	83,313	97,998	107,518
Intangible assets	64,407	44,703	35,760
Total capital expenditure (excluding spectrum license)	**147,720**	**142,701**	**143,278**
Spectrum license	—	—	154,702
Total capital expenditure	**147,720**	**142,701**	**297,980**

For the year ended December 31, 2012, our capital expenditures amounted to CHF 298.0 million, of which CHF 154.7 million related to the spectrum license, CHF 107.5 million related to property, plant and equipment and CHF 35.8 million related to intangible assets.

For the year ended December 31, 2011, our capital expenditures amounted to CHF 142.7 million, which related primarily to expenditures on our network (including the radio access network swap and renewal program) as well as IT. Of the total capital expenditures, CHF 98.0 million related to property, plant and equipment and CHF 44.7 million related to intangible assets. We launched a radio access network replacement program during the first half of 2011 to improve our 2G and 3G access network quality, capacity and coverage, including implementing new data functionality and rationalizing the access network. See *"Business—Network and Infrastructure."*

For the year ended December 31, 2010, our capital expenditures amounted to CHF 147.7 million, of which CHF 83.3 million related to property, plant and equipment and CHF 64.4 million related to intangible assets. Capital expenditures during the year ended December 31, 2010 mainly related to investments in our network and IT. In addition, transmission network capital expenditure increased due to mobile data growth.

Quantitative and Qualitative Disclosures about Market Risk

Unless otherwise specified, the following discussion with respect to quantitative and qualitative disclosures about market risk relates to the Group.

We are, and upon completion of the Transactions will be, exposed to various market risks, including interest rate, foreign currency exchange rate, credit and liquidity risks associated with our underlying assets, liabilities, forecast transactions and firm commitments. Our treasury department is responsible for managing exposure to market risk that arises in connection with operations and financial activities, including interest rate, foreign currency exchange rate, credit and liquidity and credit risk management.

The following sections discuss our significant exposures to market risk. The following discussions do not address other risks that we face in the normal course of business, including country risk and legal risk.

Interest Rate Risk Management

We manage our net exposure to interest rate risk through the proportion of fixed rate financial debt and variable rate financial debt in our total financial debt portfolio. To manage this mix, we may enter into interest rate swap agreements, in which we exchange periodic payments based on a notional amount and agreed-upon fixed and variable interest rates and into forward contracts, in which we exchange fixed amounts of foreign currency and fixed amounts of Swiss francs.

We are exposed to market risks as a result of changes in interest rates, particularly in relation to floating-rate indebtedness, including borrowings under the Revolving Credit Facility and indebtedness under the Existing CHF Floating Rate Senior Secured Notes and the Existing Euro Floating Rate Senior Secured Notes. Financial liabilities issued at floating rates will expose us to cash-flow interest rate risk, while financial liabilities issued at fixed rates expose us to fair value interest rate risk. To manage the exposure to changes in interest rates under our current floating-rate indebtedness and to lower the overall costs of financing, we have used and generally expect to continue to use interest rate swaps to exchange the interest rate exposure on a portion of the indebtedness outstanding under the Revolving Credit Facility, the Existing CHF Floating Rate Senior Secured Notes and the Existing Euro Floating Rate Senior Secured Notes from a floating interest rate to a fixed interest rate.

Foreign Exchange Rate Risk Management

We operate mainly in the currency of the primary jurisdiction in which we operate, the Swiss franc. Our exposure to currency risk has therefore been limited.

As much as possible, we use foreign currency inflows for our foreign currency outflows. If necessary, we buy foreign currency shortly before the transaction. If any material exposure arises, we may enter into foreign exchange rate hedging instruments.

To manage our exchange rate exposure in respect of the Revolving Credit Facility, the Existing Euro Floating Rate Senior Secured Notes, the Existing Senior Notes, the Existing Senior Unsecured Notes and the Notes offered hereby, we have entered into or expect to enter into hedging foreign exchange transactions to effectively exchange a portion of our payment obligations for interest, principal, amortization and premium, if any, of such indebtedness from euro to Swiss Francs. We believe such foreign exchange hedging transactions will enable us to match the currency of our interest expense to the currency of our revenues more accurately.

Credit Risk Management

Financial instruments that could potentially subject us to concentrations of credit risk consist primarily of cash, trade receivables and securities, investments and deposits.

We consider that we have a limited exposure to concentrations of credit risk with respect to trade accounts receivable due to our large and diverse customer base (residential and a broad range of business customers). In addition, the maximum value of the credit risk on these financial assets is equal to their recognized net book value.

We seek to minimize credit risk through a preventative credit check process that ensures that all subscribers requesting new products and services or changes to existing services are reliable and solvent. We also seek to minimize credit risk by preferring contracts that provide for the use of automatic payment methods with the aim of reducing the underlying credit risk, however, the use of direct debit is generally unpopular in the Swiss market. This control is carried out at the time of subscriber acceptance through the use of internal and external information.

We additionally exercise timely pre- and post-subscriber acquisition measures for the purpose of credit collection such as the following:

- attribution of a rating to new customers at subscription through the credit check (to anticipate defaults in payment, different measures may be implemented: deposits or advanced payments can be required to customers, limitation to prepaid offers, etc.);
- sending reminders to subscribers;
- employing measures for the collection of overdue receivables depending on strategy, portfolio and subscriber profiles (penalties, reconnection letter with an option for a new contract, etc.); and
- measuring and monitoring debt collection status through our internal reporting tools.

The following table provides the aging analysis of billed trade receivables as of December 31, 2011 and December 31, 2012.

	At December 31, 2011	At December 31, 2012
	Gross Amount	
	(CHF in thousands)	
Gross trade receivables past due:		
under 60 days	44,566	22,454
60-120 days	5,641	4,424
over 120 days	5,086	3,376
Total gross trade receivables past due	**55,293**	**30,254**
Trade receivables not past due	251,031	291,979
Total gross trade receivables	**306,324**	**322,233**
Provision for doubtful debts	(3,843)	(4,093)
Net trade receivables	**302,481**	**318,140**

We also receive guarantees, including sureties issued by primary banks, as collateral for the obligations resulting from supplies to, and receivables from, dealers.

On the dealer side, we have a certain degree of concentration offset by bank guarantees, credit limits delivered by credit insurers and the timing of payment of commissions after the activation of a new subscriber. Concentration of credit risk relating to accounts receivable from subscribers is limited due to their large number. For accounts receivable from foreign telecommunications operators, the concentration of credit risk is also limited due to netting agreements with accounts payable to these companies, prepayment obligations, imposed bank guarantees and credit limits delivered by credit insurers.

Credit risk relating to cash and cash equivalents, derivative financial instruments and financial deposits and money market funds arises from the risk that the counterparty becomes insolvent and, accordingly, is unable to return the deposited funds or execute the obligations under the derivative transactions as a result of the insolvency.

To mitigate this risk, wherever possible we conduct transactions and deposit funds with investment-grade rated financial institutions and monitor and limit the concentration of our transactions with any single party.

Our maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event the counterparty fails to perform its obligations in relation to each class of recognized financial assets is the carrying amount of those assets as indicated on our statement of financial position.

Liquidity Risk

Liquidity risk arises primarily in connection with cash flows generated and used in financing activities, and particularly by servicing debt, in terms of both interest and principal, and from all of our payment obligations that result from business activities. In general, we manage our liquidity risk by monitoring our cash flow and rolling liquidity reserve forecast in order to ensure that we have sufficient committed facilities to meet our liquidity needs. In addition, we generally expect to use excess cash on hand to pay down outstanding debt under our Revolving Credit Facility to ensure continued availability of such facility and to effectively manage our interest expense under such facility.

Capitalization of the Issuer

The following table sets forth the consolidated cash and cash equivalents and the capitalization of:

- MMH on a historical basis, derived from the Group audited consolidated financial statements included elsewhere in this Offering Memorandum;
- Matterhorn Midco on a historical basis, derived from Matterhorn Midco's audited consolidated financial statements as of December 31, 2012;
- the Issuer on a historical basis, derived from Issuer's unaudited consolidated financial statements as of December 31, 2012;
- the Issuer as adjusted to give effect to the Transactions, as described in "Use of Proceeds" as if they had occurred as of December 31, 2012.

You should read this table in conjunction with "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*" and "*Description of the Notes*" and the consolidated financial statements and the accompanying notes of MMH and Orange appearing elsewhere in this Offering Memorandum. Except as set forth below, there have been no other material changes in the capitalization of the Issuer since December 31, 2012.

	As of December 31, 2012				
	MMH Actual	**Matterhorn Midco Actual**	**Issuer Actual**	**Adjustments[1]**	**Issuer As Adjusted**
	(CHF in thousands)				
Cash and cash equivalents[2]	139,691	144	30	15,000	154,865
Capital leases	—	—	—	—	—
Revolving Credit Facility[3]	—	—	—	—	—
Existing Fixed Rate Senior Secured Notes[4]	450,000	—	—	—	450,000
Existing Euro Floating Rate Senior Secured Notes[5]	398,294	—	—	—	398,294
Existing CHF Floating Rate Senior Secured Notes[6]	180,000	—	—	—	180,000
Derivative liabilities[7]	2,035	—	—	—	2,035
Total senior secured debt	1,030,329	—	—	—	1,030,329
Existing Senior Notes[8]	271,564	—	—	—	271,564
Existing Senior Unsecured Notes[9]	—	187,411	—	—	187,411
Total existing restricted group debt	1,301,893	187,411	—	—	1,489,304
Notes offered hereby	—	—	—	303,575	303,575
Total debt	**1,301,893**	**187,411**	**—**	**303,575**	**1,792,879**
Capitalized transaction costs[10]	(34,368)	—	—	(8,500)	(42,868)
Total financial liabilities	**1,267,525**	**187,411**	**—**	**295,075**	**1,750,011**
Total equity[11]	**539,297**	**478,028**	**483,201**	**(1,433,298)**	**67,228**
Capitalization	**1,806,822**	**665,439**	**483,201**	**(1,138,223)**	**1,817,239**

(1) The adjustments consist of the issuance by the Issuer of €250 million (equivalent to CHF 304 million) aggregate principal amount of the Notes offered hereby and the fees and expenses in connection with the proposed issuance and an adjustment to eliminate the subscribed capital and share premium of MMH and Matterhorn Midco included in the actual consolidated equity of Matterhorn Midco and of the Issuer as at December 31, 2012 in the amount of CHF 1,138.2 million.

(2) The as adjusted amount reflects the use of cash, as adjusted to give effect to the Transactions. Neither the actual nor the as adjusted amount reflects any cash or cash equivalents that the Group or the Issuer has generated or used since December 31, 2012 (except as otherwise identified in the table above).

(3) The super senior Revolving Credit Facility is secured by the same collateral securing the obligations under our Existing Senior Secured Notes. The Revolving Credit Facility is not currently drawn. See "*Description of Certain Financing Arrangements*."

(4) Represents MM's outstanding CHF 450 million aggregate principal amount of Existing Fixed Rate Senior Secured Notes due 2019, which were issued on February 10, 2012.

(5) Represents MM's outstanding €150 million aggregate principal amount of Existing Euro Floating Rate Senior Secured Notes due 2019, which were issued on February 10, 2012, and MM's outstanding €180 million aggregate principal amount of Existing Euro Floating Rate Senior Secured Notes due 2019, which were issued on February 16, 2012.

(6) Represents MM's outstanding CHF 180 million aggregate principal amount of Existing CHF Floating Rate Senior Secured Notes due 2019, which were issued on September 11, 2012.

(7) Represents hedging liabilities incurred in connection with the Existing Notes.

(8) Represents MMH's outstanding €225 million aggregate principal amount of Existing Senior Notes due 2020, which were issued on February 10, 2012.

(9) Represents Matterhorn Midco's outstanding €155 million aggregate principal amount of Existing Senior Unsecured Notes due 2020, which were issued on October 1, 2012.

(10) In connection with the Transactions, the Issuer expects to incur fees and expenses of CHF 9 million, all of which are assumed to be capitalized.

(11) The adjustments reflect a repayment of share capital and/or share premium by the Issuer to Matterhorn Topco amounting to CHF 280 million which will be made following the issuance of the Notes offered hereby and an adjustment to eliminate the subscribed capital and share premium of MMH and Matterhorn Midco included in the actual consolidated equity of Matterhorn Midco and of the Issuer as at December 31, 2012 in the amount of CHF 1,138.2 million.

Critical Accounting Estimates

The preparation of our financial statements requires our management to make assumptions that affect the reported amount of assets and liabilities at the date of our statement of financial position and the reported amounts of revenues and expenses during the fiscal period. Estimates and judgments used in the determination of reported results are continuously evaluated.

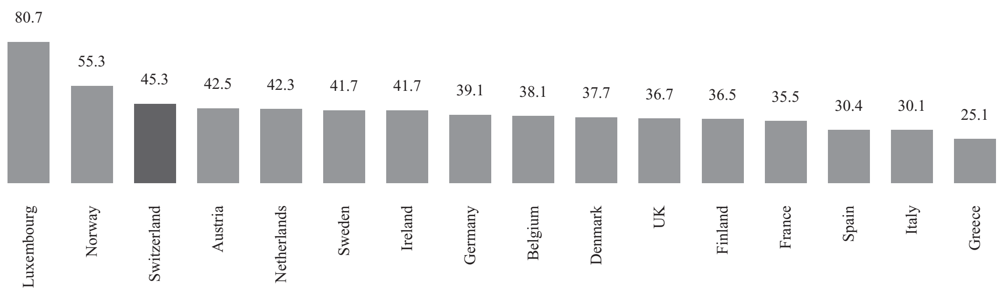
Estimates and judgments are based on historical experience and on various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Our significant accounting policies and a description of our use of estimates and judgments are set out in note (1) and note (2) to the Group audited consolidated financial statements for the year ended December 31, 2012 included elsewhere in this Offering Memorandum.

Switzerland's permanent resident population was 8.0 million at September 30, 2012, according to estimates by the Swiss Federal Statistics Office. Population density was approximately 198 inhabitants per square kilometer in Switzerland in 2011, which is higher than the population density in the EU countries of approximately 117 inhabitants per square kilometer according to Eurostat. Switzerland combines urban agglomerations such as Zurich, Geneva, Basel, Bern and Lausanne with rural, often mountainous, areas with low population density. According to the Swiss Federal Statistical Office, the population at September 30, 2012 was distributed across age groups as follows: 20.2% aged 0-19 years, 62.2% aged 20-64 years and 17.6% over 65 years and was split between Swiss (76.9%) and foreign residents (23.1%).

Switzerland is one of the wealthiest countries in Europe. According to the IMF (World Economic Outlook, October 2012), Switzerland had an estimated GDP per capita (at purchasing power parity exchange rates) of $45,286 for 2012, which was higher than the estimated average for the euro area of $34,104 for the same period. The Swiss economy proved itself to be relatively robust through the recent economic crisis compared to many other European economies. According to Eurostat, the Swiss economy experienced growth of 3.0% in 2010, 1.9% in 2011 and 1.0% in 2012 compared with a growth of 2.0% in 2010 and 1.4% in 2011 and a decline of 0.6% in 2012 across the euro area. For 2013, Eurostat currently forecasts real GDP growth of 1.4% for Switzerland compared to a real GDP decline of 0.3% for the euro area. Historically, Switzerland also has one of the lowest unemployment levels in Europe, with the IMF estimating a 2012 unemployment rate of 3.4%, compared to the euro area average of 11.2%.

GDP per capita by country (2012)

(in thousands of Purchasing Power Parity ("PPP") dollars)



Source: IMF, World Economic Outlook, October 2012; data derived by dividing GDP in PPP dollars

Switzerland provides an attractive market for telecommunications companies, as the average amount spent per household on mobile services is among the highest in Europe. According to Gartner (in *Forecast: Mobile Services, Worldwide, 2011-2017, 1Q13 Update, G00247614*), the Swiss consumer spent $599 per year on average for mobile services in 2012 compared to a Western European average of $336 (based on Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom). However, Swiss wireless expenditure, which amounted to $5.3 billion in 2012 (source: *IDC Worldwide Black Book Q4-2012, February 2013*), represented 0.9% of GDP, in line with Western Europe (based on the countries listed in the previous sentence), where expenditure was 1.0% of GDP ($158.0 billion).

The current structure of the Swiss telecommunications market was established in the late 1990s, when Swisscom was created from the state-owned post and telecoms monopoly. Since the late 1990s, mobile licenses have been offered to new market entrants to stimulate competition. Similarly, cable companies have been permitted to develop cable networks to compete in the landline segment. The Swiss Telecommunications Act came into force in 1998, and was revised in 2007, leading to a further liberalization of the Swiss telecommunications market.

While Switzerland is not a member of the European Union and is, therefore, not subject to the EU telecommunications regulation, the liberalization of the Swiss telecommunications market has moved largely in parallel with the deregulation in the EU, and it is likely to develop further in line with developments in the EU. However, there are some conceptual differences, the most important being (i) the *ex-post* regulation in Switzerland as opposed to the *ex-ante* regulation as applicable in the EU, making it necessary for operators to first negotiate the conditions of access and only allowing an intervention of the regulator on request if such negotiations fail, (ii) the technology-limited Local-Loop Unbundling ("LLU") regime in Switzerland, under which access at Long-Run Incremental Cost ("LRIC") conditions is granted only to the incumbent's copper infrastructure but not to other access technologies, such as fiber networks, and (iii) the lack of specific regulation on international and national roaming in Switzerland.

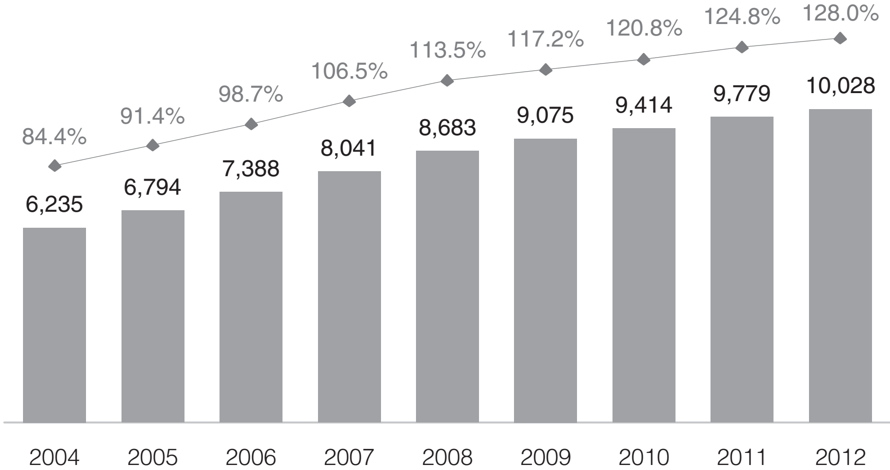
Today, the Swiss telecommunications market is highly developed by international standards and characterized by a wide range of voice and data communications services.

Swiss Mobile Market

In 2012, when adding the mobile revenues of Orange, Swisscom and Sunrise, the Swiss mobile sector generated revenues of approximately CHF 6.36 billion a slight increase of 0.1% from CHF 6.35 billion in 2011. TeleGeography estimates that the number of mobile phone connections in Switzerland increased by 2.4% year-on-year to reach 10.0 million as of December 31, 2012.

Subscribers and penetration rate evolution in Switzerland

(in thousands of subscribers and subscribers as % of population)



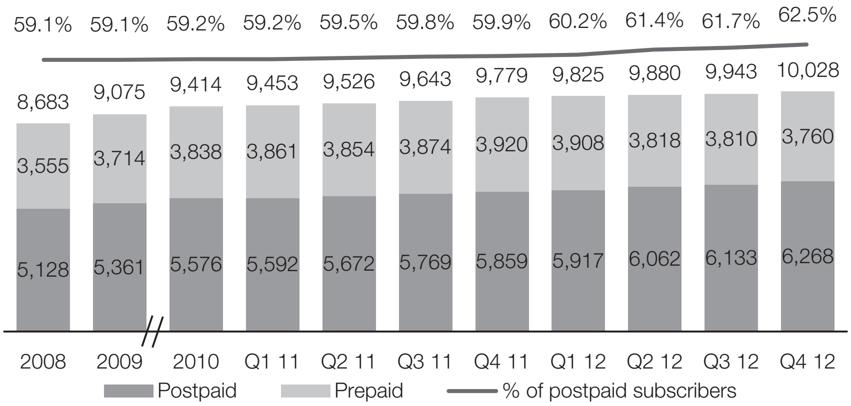
Source: TeleGeography

The number of mobile subscribers is greater than the resident population, among other things due to subscribers owning multiple SIM cards for mobile computers, smartphones SIM cards for mobile computers, smartphones and other devices and non-resident (visitor) subscribers and subscribers that are legal entities. According to TeleGeography, the mobile penetration rate in Switzerland at the end of December 2012 was 128.0%, which is below the Western European average of 133.1%, (based on France, Germany, Italy, Spain, Portugal, the United Kingdom, Austria, Ireland, Belgium, the Netherlands and Luxembourg). According to Gartner (in *Forecast: Mobile Services, Worldwide, 2011-2017, 1Q13 Update, G00247614*), the number of mobile subscribers in Switzerland is expected to reach 11.3 million in 2017 compared to 9.8 million in 2011 representing a 2.4% compound annual growth rate over the period from 2011 to 2017.

One of the factors behind the stability of the Swiss mobile market is a large proportion of postpaid subscribers, with the mix between postpaid and prepaid subscribers being relatively stable but with the share of postpaid subscribers exhibiting a slight increase over the last two years. According to TeleGeography, 62.5% of subscribers are postpaid as of December 31, 2012.

Evolution of postpaid / prepaid subscriber mix 2008-Q4'12

(in thousands of subscribers)



Source: TeleGeography

The Swiss mobile market has one of the highest ARPU levels in Europe. High levels of ARPU are supported by customer focus on quality of services provided rather than price. According to Gartner (in *Forecast: Mobile Services, Worldwide, 2011-2017, 1Q13 Update, G00247614*), the average Swiss mobile consumer spent USD 50 (CHF 47) per month in 2012, compared with the Western European average of USD 28 (CHF 26) per month (based on Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom).

Comparison of mobile ARPU in Western European countries in 2012

($ per month)

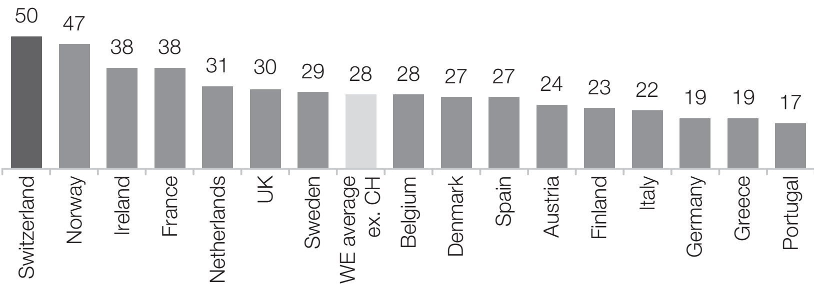


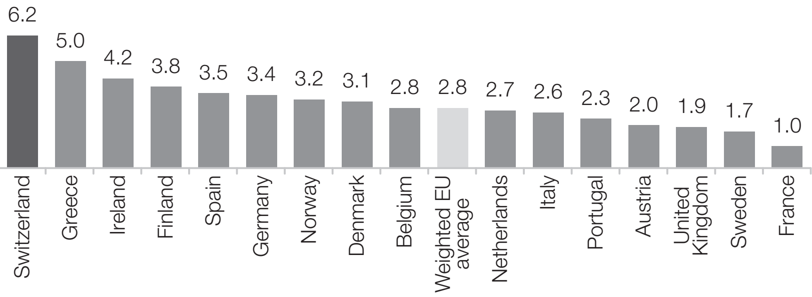
Chart based on Gartner research
Source: Gartner, Forecast: Mobile Services, Worldwide, 2011-2017, 1Q13 Update, G00247614

Furthermore, in recent years ARPU levels have been more stable in Switzerland than in other Western European countries. According to Gartner (in *Forecast: Mobile Services, Worldwide, 2011-2017, 1Q13 Update, G00247614)*, Swiss mobile ARPU decreased by 2% in CHF terms between 2010 and 2012, from CHF 48 to CHF 47 per month. In comparison, mobile ARPU in Western European markets decreased on average by 13% in USD terms (equivalent to a decrease of 12% in local currency terms) during the same two-year period, decreasing from USD 32 to USD 28 per month. According to forecasts from Gartner, Switzerland is expected to have the highest ARPU in Western Europe in 2017 (USD 47 / CHF 43), well ahead of the Western European average (USD 26).

As in other Western European countries, mobile ARPU levels in Switzerland have fallen over time partly as a result of reductions in MTRs. In Switzerland, MTRs have been set through bilateral agreements between operators, rather than *ex ante* by a regulatory authority, as is the case in the European Union. In October 2010, the three nationwide Swiss MNOs agreed to reduce MTRs by approximately 43% compared to the MTRs applicable in 2010. The MTRs for 2011 will be valid until June 30, 2013, but an agreement has been reached by Orange, Swisscom and Sunrise, which has established the MTR until mid-2015. Despite these changes, MTRs in Switzerland have remained among the highest in Europe. While MTRs in Switzerland have followed, and are expected to continue to follow, the decline in MTRs applicable in the EU countries, such decline has generally in the past followed a slower pace. Under current agreements MTR levels have been set until mid-2015. As a consequence, MTR reductions are not expected to have a material impact on EBITDA in the next two years.

Comparison of mobile termination rates in Western Europe in July 2012

(€ cent per minute)



Source: BEREC Integrated Report on Mobile Termination Rates & SMS Termination Rates (September 2012)

In addition to MTRs, continuing competition (from MNOs, wholesale resellers and MVNOs) is another factor that has led to a decrease in mobile ARPU in Switzerland. In June 2012, Swisscom announced new flat-rate postpaid mobile plans, which in many cases resulted in a decrease of monthly tariffs on its high-end plans. In July 2012, Sunrise followed with an announcement regarding reductions on some of its postpaid subscription plans. In response, in 2012 Orange lowered the prices on some selected high-end tariffs. For a full description of these developments, see *"Risk Factors—Risks Related to Our Market and Our Business—The Swiss mobile telecommunications market is characterized by competition among existing and potential new mobile network operators*."

Mobile data traffic has shown significant growth, driven primarily by smartphone uptake and increased usage of mobile broadband and data intensive applications. According to Gartner (in *Forecast: Mobile Services, Worldwide, 2011-2017, 1Q13 Update, G00247614*), the total data revenues in Switzerland in 2012 was USD 2.0 billion and this could increase to USD 3.7 billion by 2017. In addition, Gartner reports (in *Forecast: Mobile Phones, Worldwide, 2011-2017, 1Q13 Update, G00249103*) that 62% of the mobile devices sold in Switzerland in 2012 were premium phones under Gartner terminology. This percentage is expected to increase to 73% in 2014 and 78% in 2017. This trend should positively impact ARPU levels.

Premium phones as a percentage of mobile device sales to end users (2012)

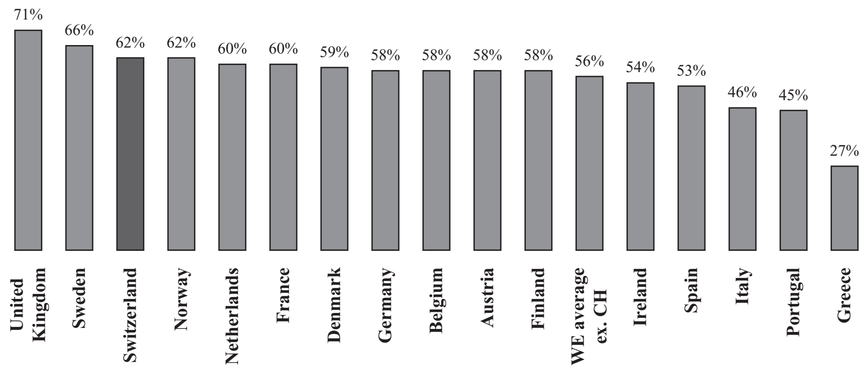
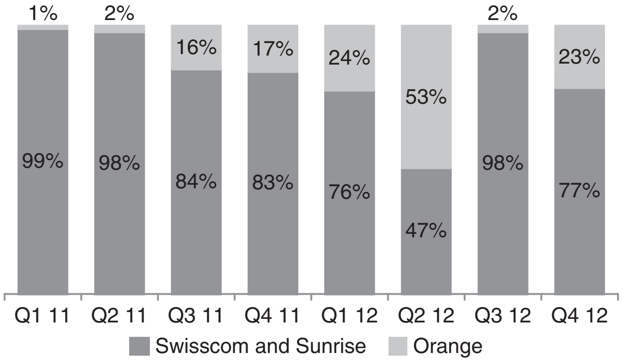


Chart based on Gartner research
Source: Gartner, Forecast: Mobile Phones, Worldwide, 2011-2017, 1Q13 Update, G00249103

The three nationwide MNOs in Switzerland are Swisscom (57% owned by the Swiss Confederation), Sunrise (controlled by CVC Capital Partners) and Orange with respective market shares of 62.0%, 21.4% and 16.6% based on mobile subscribers at December 31, 2012 as reported by TeleGeography. TeleGeography reports respective mobile subscriber market shares for Swisscom, Sunrise and Orange of 61.9%, 21.6% and 16.5% as of December 31, 2011 and 61.9%, 21.4% and 16.7% as of December 31, 2010. In the period between December 2011 and December 2012, the shares of net additional mobile subscribers ("net adds") in Switzerland for Swisscom, Sunrise and Orange were 65.9%, 9.8% and 24.3%, respectively, according to Orange estimates based on public filings by Swisscom and Sunrise.

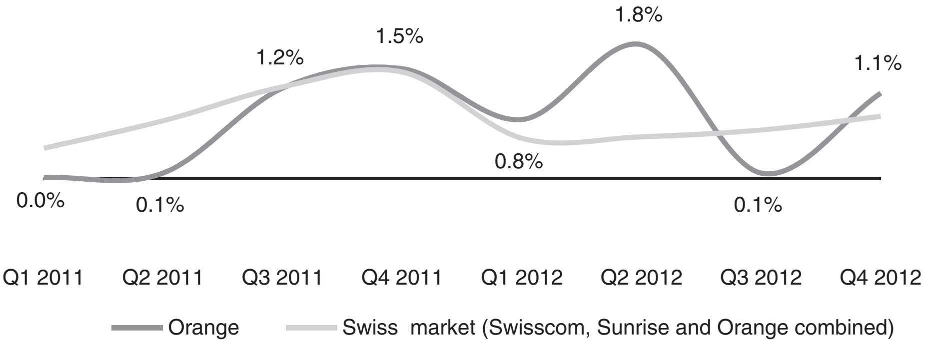
Share of net adds evolution in Swiss mobile market Q1 2011-Q4 2012



Source: Orange estimates based on public filings by Swisscom and Sunrise

Total mobile subscribers growth Q1 2011-Q4 2012

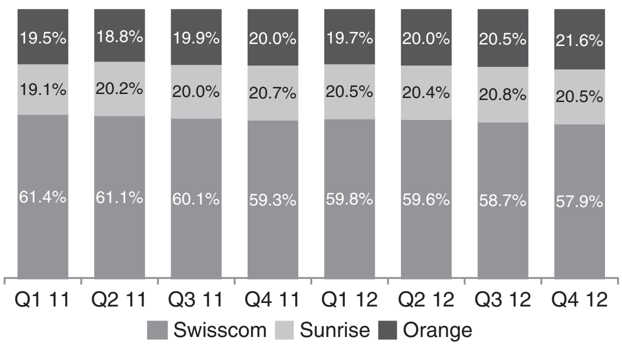
(quarterly net adds / subscribers at end of previous quarter)



Source: Orange estimates based on public filings by Swisscom and Sunrise

In the fourth quarter of 2012, we adjusted our method to calculate our mobile subscriber base to facilitate comparability to Swisscom and according to this method Swisscom's share of the Swiss mobile market by number of subscribers was 59.3% at the end of December 2012, Sunrise's market share was 20.4% and our market share was 20.3%. This adjusted method aligns market share by number of mobile subscribers more closely with market share by mobile revenues in Switzerland. Based on mobile revenues of the three nationwide MNOs in Switzerland for the year ended 2012, Swisscom commands 58.9% market share followed by Orange and Sunrise at 20.6% and 20.5% respectively. Over the last two years the revenues market shares have been stable, reflecting a stable competitive environment.

Revenues market share evolution in the Swiss mobile market Q1 2011-Q4 2012



Source: Companies reports. See "Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data"

In&Phone, a MNO focused on small businesses without a nationwide network and with immaterial market share, entered into administration in 2012. Previously, Telefonica and TelCom (Tele2) also held mobile telecommunications licenses. While ComCom has withdrawn the license from Telefonica in 2006 since the telecom operator was not utilizing its license and not fulfilling the coverage conditions, TelCom (Tele2) surrendered its license in November 2008 after being acquired by Sunrise. In addition, there are wholesale resellers on all three mobile networks, including Coop (on our network). These wholesale resellers sell MNOs' services to subscribers and/or cooperate in the marketing of services pursuant to which MNOs enter into contracts directly with subscribers.

The final group of market participants are MVNOs which operate and are branded independently from the MNOs, but deliver their services over MNO networks under contractual agreement. MNOs are currently not, however, required to grant access to MVNOs under Swiss law. We have agreements to host a number of MVNOs, including Ortel and Transatel, as well as UPC Cablecom (although the public launch date for our contract with UPC Cablecom is uncertain). Historically, a significant proportion of our revenues and operating income from MVNOs have been attributable to our contract with Lycamobile, which terminated in March 2013. MVNOs contract directly with subscribers but rely on existing MNO networks to provide their services.

The MNOs provide 2G coverage utilizing GSM 900 MHz and/or 1800 MHz spectrum. Swisscom, Sunrise and Orange also provide 3G coverage across parts of their networks, having been awarded UMTS (2100 MHz) licenses in 2000. Further, since April 2010, GSM spectrum has been available for the provision of services based on UMTS (technological neutrality of allocated spectrum).

On February 23, 2012, ComCom and OFCOM announced the results of the auction of mobile radio frequencies. The auction, which ran from February 6 to February 22, 2012 related to the renewal of current licenses for the 900, 1800 and 2100 MHz bands, as well as the new 800 and 2600 MHz LTE bands. The new licenses granted in the auction will run until the end of 2028. The three existing mobile operators, Swisscom, Sunrise and Orange, took part in the auction. A fourth operator, In&Phone, did not satisfy the admission criteria and was therefore not allowed to participate. The result of the spectrum auction are shown in the table below:

	Orange	**Sunrise**	**Swisscom**	**Data available**
800 MHz	20 MHz	20 MHz	20 MHz	January 1, 2013[(1)]
900 MHz	10 MHz	30 MHz	30 MHz	January 1, 2014[(2)]
Total sub-1 GHz	**30 MHz**	**50 MHz**	**50 MHz**	
1,800 MHz	50 MHz	40 MHz	60 MHz	January 1, 2014[(3)]
2,100 MHz paired	40 MHz	20 MHz	60 MHz	January 1, 2017[(4)]
2,600 MHz paired	40 MHz	50 MHz	40 MHz	Immediately[(5)]
2,600 MHz unpaired	0 MHz	0 MHz	45 MHz	Immediately[(5)]
Total	**160 MHz**	**160 MHz**	**255 MHz**	
% of total	*28%*	*28%*	*44%*	

(1) Except for certain individual blocks in alpine region which may not be used before the end of 2013.

(2) Following a transition phase to be completed in the third quarter of 2014.

(3) Following a transition phase to be completed in the third quarter of 2014.

(4) Following a transition phase to be completed in the third quarter of 2016.

(5) Since June 2012.

Following the auction, operators have continued to upgrade their network infrastructure to handle larger volumes of data. At the end of 2012, Swisscom became the first provider in Switzerland to launch a LTE network in 26 locations in Switzerland. Swisscom plans to further expand its LTE network to cover 70% of Switzerland's population by the end of 2013. Orange expects to launch its LTE in ten cities/regions of Switzerland in June 2013. Sunrise has also announced plans for a commercial launch of LTE during 2013.

Swiss Landline Market

We do not have our own landline network infrastructure to provide landline fixed voice and broadband services. Currently, we provide our broadband internet and landline voice services based on a reseller agreement and carrier pre-selection agreement with VTX Services SA that itself entered into a wholesale agreement with Swisscom.

Fixed Voice

According to TeleGeography, there were 3.4 million of Public Switched Telephone Network ("PSTN") lines in use in Switzerland as of end of December 2011. According to ComCom, the fixed voice network is preferred by customers making longer calls, with the average call time on a fixed telephone (four minutes) in 2009 being twice the length of the average mobile telephone call. Customers are, therefore, quite sensitive to pricing on fixed networks, but are also driven by brand loyalty and quality considerations.

Swisscom has historically dominated landline voice services and, according to ComCom, in 2011 had a market share of approximately 67%. However, competitors, such as Sunrise—which, according to ComCom, has a market share of 13%—are now able to resell Swisscom's products or establish their own networks through "unbundling" Swisscom's local loop network. Fixed voice services are also provided through broadband cable infrastructure. In cable, only UPC Cablecom has significant scale on a national level. Our landline offering allows our customers, whose telephone lines are usually maintained by another landline operator, such as Swisscom, to have their calls routed across the network and services of VTX Services SA, whose services we resell.

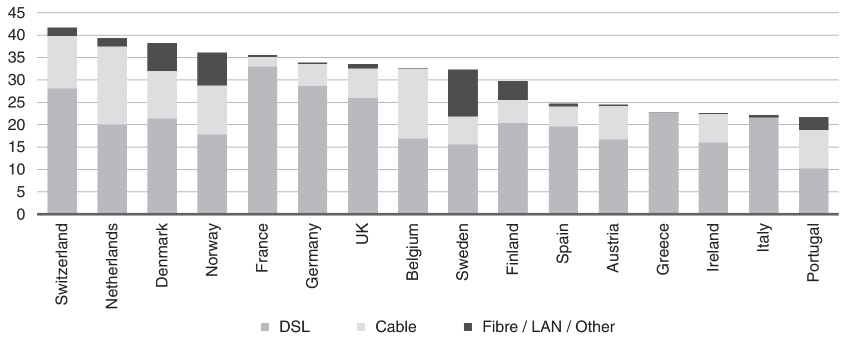
Landline telephone customers in the business market are also served by various pan-European operators. These players have built fiber-optic metropolitan area networks in some of Switzerland's largest cities, attracted by a high concentration of financial institutions and non-governmental organizations ("NGOs"). The leading players include COLT, France Telecom (Orange Business Services), Interoute, T-Systems and Verizon Business.

Broadband Internet

According to ComCom, there were 3.0 million fixed broadband internet connections in Switzerland at the end of 2011—an increase of 5.4% on the previous year. Landline broadband internet connections can be established via various access technologies, including DSL, cable modem, FTTH and public WLAN access points. According to ComCom, at December 2011, over 71% of all broadband connections were DSL connections. According to the OECD, fixed broadband penetration in Switzerland is among the highest in Europe, with over 40 connections per 100 inhabitants.

Fixed (wired) broadband penetration in Western Europe in June 2012

(subscriptions per 100 inhabitants)



Source: OECD

According to TeleGeography, Swisscom leads the retail fixed broadband internet market with a 55% of subscriber market share as of December 2012, with competition mainly coming from Sunrise and UPC Cablecom with 12% and 19% of subscriber market share respectively. In addition, there are smaller operators, such as VTX Services SA, that resell Swisscom's products or operate via respective LLU networks. Under the Swiss Telecommunications Act, Swisscom is required to grant other providers fast bit-stream access as a regulated service in a non-discriminatory manner and at cost-based prices during a certain period from launch of the relevant service. See "*Regulation*." We are reselling the services of VTX Services SA who entered into a wholesale agreement with Swisscom; such agreement is not subject to regulation.

The mobile broadband internet market is growing at a steady pace in Switzerland, though the strength of the fixed broadband sector has so far limited mobile broadband penetration. IDC (in European Telecom Services Database, 4Q12) estimates that mobile data connections through laptops and PC's have grown from 0.650 million in 2009 to 0.975 million in 2012, which corresponds to a compound annual growth rate of 14.5%. IDC forecasts that the number of such connections will reach 1.120 million in 2016, growing at a compound annual growth rate of 3.5%.

BUSINESS

Overview

We are one of the three nationwide mobile network operators in Switzerland. We operate in attractive economic, competitive and regulatory environments and own an extensive, high-quality mobile telecommunications network infrastructure, which, together with our higher-value, predominantly postpaid subscriber base, attractive market positioning and renewed product portfolio, gives us an attractive value position. In addition to Switzerland, we also operate in the Principality of Liechtenstein, where we are one of the two largest mobile network operators by number of subscribers.

We offer mobile voice, non-voice and mobile broadband products and services to residential and business customers. With our mobile telecommunications offerings, both postpaid and prepaid, we aim to offer our own branded products and services that are simple to use, flexible and easy to understand, and to offer value for money by enabling customers to customize their price plan. We also market mobile telecommunications services through wholesale resellers and to MVNOs with their respective brands on our mobile network to target different customer segments. We further offer fixed-voice, broadband internet products and services on the basis of a wholesale reseller agreement. Finally, we offer other products and services, such as, among others, a portfolio of customer care services (Orange Care).

For the year ended December 31, 2012 our mobile telecommunications offerings generated 95.8% of our total revenues (split between network revenues (86.4%) and equipment revenues (9.4%)), with the remainder comprised of fixed line revenues (0.5%) and other revenues (3.7%).

In the past, we have focused primarily on the postpaid customer segment, which represented 85.8% and 88.6% of our network revenues for the year ended December 31, 2011 and 2012, respectively. Within that segment our principal focus has been higher-value residential customers, as well as small office and home office (“SoHo”) and small and medium enterprise (“SME”) business customers. Since the beginning of 2010, we have expanded our product offering to target a broader range of customers. In August 2010, we launched “Orange Me”, a new postpaid offering for residential customers, SoHos and SMEs. In 2011, we reinforced the postpaid portfolio to target additional postpaid customer segments, in particular young customers through our Orange Young offerings, and we renewed our prepaid offering with the launch of Orange Me PrePay in October 2011. In November 2012, we lowered the prices on some selected high-end tariffs. In January 2013, we relaunched our Orange Young offerings, available to customers under 27, which include deals offering not only unlimited calls, unlimited texts and internet access, but also offering our Orange Young customers the chance to enjoy unlimited music with the music streaming service Spotify.

We provide mobile services through our own mobile 2G and 3G telecommunications access network throughout Switzerland and Liechtenstein. In addition to our mobile telecommunications access network, we have a transmission network that includes a mobile backhaul network, a national transmission backbone network (core transport network) and an IT/corporate data network comprised of owned and leased equipment. We do not operate our own dedicated landline network infrastructure to provide fixed-voice and broadband internet products and services, but provide such products and services on the basis of a reseller agreement with VTX Services.

We have historically marketed our products and services through the *Orange* brand. On December 23, 2011, in connection with the entry into the Acquisition Agreement, we entered into a brand license agreement with Orange Brand Services Limited (a member of the FT Group) that became effective on the Completion Date. Under the terms of the agreement, we have a license to use the *Orange* brand for a period of three years, which, subject to certain conditions being satisfied, will renew automatically for an additional two-year period. We currently intend to continue to use the *Orange* brand and to carry out a rebranding process in 2014 or later. However, as our rights under the brand license may continue for up to five years, we may decide to change the timing or scope of our rebranding plans in the future.

We distribute our products and services in Switzerland both directly through a network of approximately 89 of our own shops, or Orange centers, the Internet and further direct marketing channels, as well as indirectly through partners’ point-of-sales and a network of non-exclusive distributors. We expect to further develop our direct distribution network by increasing its efficiency and opening 18 additional Orange centers during 2013, as well as expanding telesales operations. Resellers and MVNOs on our network generally distribute mobile telecommunications services through their own distribution networks and channels.

For the year ended December 31, 2011, the Orange Group generated total revenues of CHF 1,248.8 million, EBITDA of CHF 310.4 million and Adjusted EBITDA of CHF 342.5 million. For the year ended December 31, 2012, the Group generated total revenues on an aggregated basis of CHF 1,321.6 million, EBITDA of CHF 295.1 million (including CHF 38.7 million of transaction costs related to the Acquisition) and Adjusted EBITDA of CHF 365.3 million.

Our Strengths

We believe that the following strengths will allow us to execute our strategy.

Supportive Economic, Competitive and Regulatory Environment

We generate almost all of our revenues and net income from Switzerland, one of the wealthiest countries in the world in terms of GDP per capita. Switzerland's "AAA" rating from the three main rating agencies reflects its high average income generated by a highly developed economy, a robust and transparent institutional framework, a stable consensus-based political system and fiscal discipline. According to the IMF (World Economic Outlook, October 2012), Switzerland had an estimated GDP per capita (at purchasing power parity exchange rates) of $45,286 for 2012, which was higher than the estimated average for the euro area of $34,104 for the same period. Switzerland also has one of the lowest unemployment levels in Europe, with the IMF estimating a 2012 unemployment rate of 3.4%, compared to the euro area average of 11.2%. Switzerland's institutional strength is illustrated by its scoring in the 98th percentile of the World Bank's indicator of "Government Effectiveness" and in the 95th percentile regarding "Rule of Law" in 2011, its longstanding political stability and its well established culture of consensual decision-making. Switzerland enjoys a comfortable net international investment position (146% of GDP at the end of 2011 according to a December 2012 report by the Swiss National Bank) and low public debt (estimated at 35.3% of GDP in 2012 according to the Swiss Federal Finance Administration with reference to the Maastricht definition). Underpinned by such solid fundamentals, according to Eurostat, the Swiss economy grew by 3.0% in 2010, 1.9% in 2011 and 1.0% in 2012. In comparison, the euro area experienced a growth of 2.0% in 2010 and 1.4% in 2011 and a decline of 0.6% in 2012.

The stability of the competitive environment in the Swiss mobile telecommunications market is supported by the presence of the market leading incumbent, Swisscom, with two other operators, Orange and Sunrise, holding substantial market shares. Since Orange entered the market in 1999, no new entrant has built out a nationwide network in Switzerland and the respective market shares of each of the three MNOs have remained relatively stable in the last five years. The fact that Swisscom is still majority state-owned is an additional factor of stability in the market. According to TeleGeography, Swisscom's share of the Swiss mobile market by number of subscribers was 63.0% at the end of 2005 and 62.0% at the end of December 2012, Sunrise's market share was 18.6% at the end of 2005 and 21.4% end of December 2012, and our market share was 18.3% at the end of 2005 and 16.6% end of December 2012. Under the new definition of our mobile subscriber base that we introduced in the fourth quarter of 2012 to facilitate comparability to Swisscom, at the end of December 2012, Swisscom's share of the Swiss mobile market by number of subscribers was 59.3%, Sunrise's market share was 20.4% and our market share was 20.3%. Our estimates show that market shares by revenues of the three nationwide MNOs in Switzerland also remained relatively stable between December 31, 2010 and December 31, 2012. Swisscom's share of the Swiss mobile subscriber market by revenues was 58.9% for the year ended December 31, 2012, Sunrise's market share was 20.5% for the year ended December 31, 2012, and our market share was 20.6% for the year ended December 31, 2012. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share*."

The regulatory environment in Switzerland in recent years has also contributed to market stability, with the Swiss regulatory authorities promoting industry self-regulation by agreement among operators rather than direct regulatory intervention. For example, MTRs, which mobile operators charge for calls terminating on their respective networks, are determined through a bilateral agreement setting out MTRs between operators, rather than ex ante by a regulatory authority, as is the case in the European Union. While MTRs in Switzerland have followed, and are expected to continue to follow, the decline in MTRs applicable in the EU countries, such decline has generally in the past followed a slower pace. See "*Regulation*."

Resilient and Growing Market

The Swiss mobile telecommunications market has been relatively resilient to economic downturn in the past years. According to TeleGeography, the number of mobile telecommunications subscribers in Switzerland has grown by 3.7% between 2009 and 2010, by 3.9% between 2010 and 2011 and by 2.5% between 2011 and 2012. The number of mobile phone connections in Switzerland reached 10.0 million as of December 31, 2012. The resilient growth of the Swiss mobile telecommunications market in recent years has been supported by a number of factors. The Swiss mobile telecommunications market is primarily a postpaid market (with an estimated

62.5% of mobile subscribers being postpaid subscribers as of December 31, 2012), which contributes to market stability. Further, penetration rates in Switzerland are still lower than in neighboring markets. According to TeleGeography, the mobile penetration rate in Switzerland at the end of December 2012 was 128.0%, which is below the Western European average of 133.1% (based on France, Germany, Italy, Spain, Portugal, the United Kingdom, Austria, Ireland, Belgium, the Netherlands and Luxembourg). According to Gartner (in Forecast: Mobile Services, Worldwide, 2011-2017, 1Q13 Update, G00247614), the number of mobile subscribers in Switzerland is expected to reach 11.3 million in 2017 compared to 9.8 million in 2011 representing a 2.4% compound annual growth rate over the period from 2011 to 2017. In addition, Switzerland's population growth has created additional opportunity for subscriber growth. In 2008, Switzerland registered its biggest rise in years in the permanent-resident population amid record immigration, with the total permanent-resident population growing 1.4%, reaching 7.7 million by the end of 2008. Since then, the Swiss Federal Statistics Office has reported population growth of 1.0% in 2010 and 1.1% in 2011. As of September 30, 2012, the total permanent-resident population is estimated at 8.0 million.

Significant Barriers to Entry

We believe that there are significant barriers to entry for potential new competitors in Switzerland, our core market. For a new market entrant, building a mobile telecommunications network in Switzerland is complex and time- and capital-intensive, due to a number of factors, including the difficult nature of the terrain and the need for local authority approval for each site. In addition, stringent environmental regulations, which are embedded in building permits, limit radiation levels well below the EU standards, thereby requiring a greater number of sites and base stations to achieve any given network coverage compared to most other countries. In recent years, no new entrant has successfully established itself on a national scale. For instance, in 2006, ComCom withdrew Telefonica's 3G license because it failed to fulfill coverage requirements, and in 2008, Tele2 was acquired by Sunrise after failing to deploy a nationwide network. As a result, the Swiss mobile telecommunications market has become a relatively stable market of three national mobile network operators: Swisscom, Orange and Sunrise.

In addition, the long-term nature of the licenses granted in the recent award of spectrum frequencies in Switzerland constitute significant barriers to entry for potential new competitors. These licenses are not tradeable by their terms and are valid until December 31, 2028. Accordingly, it could be difficult for any new potential entrant into the market to be able to acquire the right to use the relevant spectrum covered by these licenses until after 2028. See "*Regulation—Mobile Regulatory Environment—Spectrum Auction 2012*" for further details of the allocation of spectrum in Switzerland.

Strong Market Share and Attractive Value Position

Together with Swisscom and Sunrise, we are one of the three mobile network operators in Switzerland with a nationwide network. According to our estimates, our market share among all three mobile network operators in Switzerland based on revenues was approximately 20.6% for the year ended December 31, 2012 and 19.5% for the year ended December 31, 2011, while Swisscom and Sunrise commanded a 58.9% and 20.5% market share, respectively, for the year ended December 31, 2012, and a 60.4% and 20.0% market share, respectively, for the year ended December 31, 2011. See *"Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share."* With approximately 63.7% of our subscribers as of December 31, 2012 being postpaid subscribers and approximately 67.5% of our postpaid subscribers using smartphones, we have established a firm position in the most attractive and profitable market segment, and we believe we have recently generated the highest blended ARPU in the Swiss mobile telecommunications market.

We believe that our attractive positioning in the higher-end postpaid market segment provided us with a solid basis to target a broader range of customers and increase our subscriber base in more mass-market segments, as illustrated by the success of our recent commercial offerings based on our Orange Me plans and the Orange Young offerings that we relaunched in January 2013.

Extensive, High-Quality Network Infrastructure

We operate and own one of the three nationwide mobile telecommunications networks in Switzerland. According to a performance test conducted between March and August 2011 by cnlab for Kassensturz, a Swiss consumer TV magazine, Orange provided 3G connectivity in about 80% of the consumer tests (compared to 91%

for Swisscom and 64% for Sunrise) and our average download data rate as experienced by the consumers was 1.8Mbit/s (as compared to 2.1Mbit/s for Swisscom and 1.7Mbit/s for Sunrise). We also offer High Definition Voice (HD Voice) on our entire 3G network. We have the second best mobile network in Switzerland in terms of network performance, behind Swisscom and ahead of Sunrise, according to the 2012 study published by "Connect" magazine that covered smartphone telephony, smartphone data, mobile broadband in cities and data on motorways.

We are further significantly strengthening our network to secure capacity for increasing data traffic by optimizing spectrum allocation, to offer improved EDGE capability, to extend our geographical coverage, to improve voice and data coverage and by making our network 4G Long Term Evolution ("LTE") compatible. In accordance with our investment plan, in the first quarter of 2013, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements. This substantially improved the general network quality and the coverage, as well as provided a multi-radio RAN enabling EDGE/ HSPA+ capabilities and a faster 4G/LTE scalability. We expect to launch our 4G offering in ten major cities in Switzerland and in certain ski resorts in June 2013. See "*Business—Network and Infrastructure*."

Resilient Adjusted EBITDA and Strong Cash Generation

Our Adjusted EBITDA has remained relatively stable over the 2010-2012 period despite the decrease in MTRs during that period. At constant MTRs, our Adjusted EBITDA would have increased by approximately 22.1% from the year ended December 31, 2010 to the year ended December 31, 2012.

At constant MTRs, we have experienced significant growth since the first quarter of 2011. On an aggregated basis, the Group's Adjusted EBITDA increased by 6.6% for the year ended December 31, 2012, as compared to the Adjusted EBITDA for the Orange Group for the year ended December 31, 2011. This growth in Adjusted EBITDA was primarily due to the increase in mobile subscriber revenues attributable to an increase of 3.8% in our subscriber base for the year ended December 31, 2012 compared to the year ended December 31, 2011 and an increase of 0.9% in our mobile subscriber ARPU for the year ended December 31, 2012 compared to the year ended December 31, 2011, as a result of repositioning our offerings and the changed billing intervals that we have implemented.

The Orange Group generated EBITDA of CHF 313.6 million and CHF 310.4 million for the years ended December 31, 2010 and 2011, respectively, and EBITDA less capital expenditures (excluding spectrum licenses) of CHF 165.8 million and CHF 167.7 million for the years ended December 31, 2010 and 2011, respectively. On an aggregated basis, the Group generated EBITDA of CHF 295.2 million for the year ended December 31, 2012, and EBITDA less capital expenditures of CHF 151.9 million for the year ended December 31, 2012.

Experienced Management Team

We have a highly experienced management team, with experience in both Swiss and international markets. Johan Andsjö, our Chief Executive Officer since October 1, 2012, has had 17 years of experience in the telecommunications industry. Yann Leca was appointed as Chief Financial Officer of the Company on November 26, 2012. Mr. Leca was formerly the Chief Financial Officer of Polyconcept (a portfolio company of Investcorp that was previously owned by BC Partners) and he held that position since 1998. During that time, Mr. Leca has actively participated in the development and ongoing transformational work at Polyconcept as well as the operations of the company. We also appointed Johan Hall as Chief Technology Officer of the Company. Mr. Hall was formerly the Chief Technology Officer of Yoigo in Spain and held that position since its launch in 2006. Mr. Hall has 25 years' experience in the telecommunications industry. Our management team has considerable industry experience, including with leading technology and telecommunications companies. Our management team also has an established track record of transformation and generating growth, including the successful repositioning of Orange over the last year.

The senior management team also endeavors to attract and retain a loyal and committed employee base. We have been recognized as a "great place to work" according to surveys conducted inside and outside the Company. In April 2012, Orange was included in a ranking of the best employers in the category "large enterprises" in French speaking Switzerland in the magazine "Bilan". We have not experienced any labor-related work stoppages during the past three years.

Our Strategy

Our objective is to reinforce our position in the Swiss mobile telecommunications market to become the leading mobile-centric network operator in Switzerland with a strategic position built around service excellence, thereby growing our revenues, increasing our profitability and improving our cash flow generation.

Our management has established the following 5 strategic focus areas to achieve this:

- growth above market average;
- implementation of efficiencies to optimize cost structure and cash flow;
- monetization of data growth;
- further improvement of quality of Network and IT; and
- leadership in service excellence.

Growth Above Market Average

Historically, we have focused our commercial efforts on customers that deliver high ARPU, particularly in the postpaid market segment. While our core strategic focus remains on the high-end of the postpaid market segment, we intend to leverage our premium positioning to target a broader range of customers and increase our subscriber base in mass-market customer segments. We believe it is important that we, as a challenger in the market, also adopt a challenger mindset and constantly strive to grow faster than the overall market, thereby increasing our share of the market. Our primary focus areas for growth are the following:

- *Continued development of our à la carte tariffs plans.* This *à la carte* approach provides customers with better transparency and maximum flexibility, allowing customers to bundle voice and data products according to their preferences. We believe this approach will give us the opportunity to continue to develop our high ARPU base and, at the same time, the flexibility to target mass-market customer segments. It will also provide us with the opportunity to monetize an increase in data traffic into an increase of data revenues.
- *Increased distribution in selected geographies in Switzerland.* We expect to further develop our direct distribution network by increasing its efficiency, opening additional Orange centers, as well as expanding telesales operations. We believe this will enable us to further improve our customer reach and intimacy, and lower entry barriers for new customer segments. The target for 2013 is to open 18 Orange centers, predominately in the German speaking parts of Switzerland where we historically have been under represented.
- *Further grow our B2B business.* Historically, our business subscribers market share has been relatively low, compared to that of Swisscom and Sunrise. We have therefore put in place a dedicated business unit, which addresses all B2B activities, specifically focusing on SoHo and certain SME business customers. We intend to improve our market share through revised tariff structures, improved anti-churn measures and better channel management.

We believe that we also have an opportunity to further grow our market by further developing our relationships with wholesale resellers and MVNO partners and by continuing to implement churn reduction initiatives by increasing customers satisfaction levels across our different customer categories and improving our network quality.

Implementation of Efficiencies to Optimize Cost Structure and Cash Flow

We have increasingly focused on improving efficiency throughout our organization and we believe that this will lead to enhanced profitability. We intend to further improve our earnings and cash flows by reducing operating costs through a number of measures, including the following:

- *Reduce and rebalance resources.* We aim to rebalance our resources through workforce reductions. During 2013, we plan to reduce our workforce by up to 140 full time employees. The initial phase, which was implemented in March 2013, led to a reduction of 68 full time employees, mostly in corporate functions. In a second phase later in 2013, further employment reductions will be implemented, which will enable us to modernize and simplify our business processes.
- *Simplify network maintenance and roll-out.* We have entered into new agreements with suppliers considerably simplifying our supplier relationships. In December 2012, we signed a new agreement with Ericsson, in relation to the maintenance of our network and "run"-processes (including network management, field maintenance and spare parts management), which we expect will lower our total network running cost. In January 2013, we signed a new agreement with Nokia Siemens Networks, in relation to new roll-out developments (including any infrastructure development activities that we may undertake, such as site acquisitions, build permit procedures and the related upgrades and hardware maintenance), which will also allow Orange to only pay for infrastructure developments once they are fully installed and operational, improving our capital expenditure levels and cash flows.

- *Modernize IT-processes.* We have embarked on a process to modernize several key systems in our IT-environment, in order to improve our time to market, decrease our total cost base and increase customer satisfaction. We intend to significantly reduce the number of IT-suppliers that we use and pursue software as a service ("SaaS") business models with leading actors where possible. In addition, we believe that we can further improve our capital expenditure and working capital levels thanks to our ongoing network and IT infrastructure optimization, e-billing initiatives and our strict focus on optimizing inventory levels.

Monetization of Data Growth

We strive to continue to monetize an increase in data traffic, initially driven by the increased adoption of smart phones, into an increase of data revenues. Our existing *à la carte* approach, allowing customers to bundle voice and data products according to their preferences, will further contribute to our ability to monetize the data. Some of the key initiatives in this area are the following:

- *Increased capacity for data differentiation.* We are improving our capabilities to differentiate our products through combinations of speed, data bucket size, multiple devices and service bundles to address the needs of our customers. For example, when we re-launched Orange Young in January of 2013, Spotify and associated traffic has been included as part of the total offering. We have also launched multi-device/multi-sim offerings, allowing customers to optimize their experience as well as maintaining an easy to understand pricing model. As part of our *à la carte* model, we allow customers to upsell and upgrade increased data services when they need to do so.
- *4G-launch.* As part of the Swiss spectrum auctions, we acquired ample and well located spectrum blocks for a fast launch of high quality 4G services. We expect to launch our 4G offering on 1800 and 800 MHz spectrum in ten major cities in Switzerland and in certain ski resorts in June 2013. We expect the launch of 4G services to at least double data consumption in the course of the upcoming 2 years.
- *Radio cacheing of content.* A concept sometimes known as "liquid applications" will allow us to cache on a per base station basis the most popular content at any given time. This reduces the investment need in backhaul capacity and improves the customer perception of response time and latency. This functionality will be implemented at the end of 2013 and beginning of 2014.

Further Improvement of Quality of Network and IT

We intend to further improve the quality of our network to enhance user experience and perception and to increase our market share. We have significantly improved the quality of our network in recent years, having the second best mobile network in Switzerland according to the 2012 network performance study published by "Connect" magazine, including by the following initiatives:

- *RAN renewal completed.* In accordance with our investment plan, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements in the first quarter of 2013. This substantially improved the general network quality and coverage, and provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability. We also expect energy efficiency gains as a result of the network upgrade, resulting in lower overall network costs.
- *4G coverage and 3G-gap filling.* Our investment priorities over the next few years is to enable a strong 4G network to be competitive with Swisscom and to take advantage of what we believe is a spectrum portfolio advantage over our competitors. We also intend to further improve capacity and fill the current gaps in our 3G coverage, to further improve quality of service not just for new but also existing customers.
- *IT modernization.* We are also planning to implement a transformation plan in the second half of 2013 to refresh our legacy IT architecture aiming to consolidate order management, CRM and billing services, and in-source ISP capabilities, which is expected to improve cost efficiency, but also customer care and sales productivity.

Leadership in the Service Excellence

Our organization has historically sought to be customer-centric and has made significant efforts to provide its customers with consistently high-quality services. Our management intends to cultivate and further enhance this customer-oriented culture. As a mobile-centric operator, we believe that we have the ability to further increase our perceived service excellence by focusing on simple "one-product" type of offering, in contrast to, in our view, complex, 4-play based offering and associated customer processes of our competitors. Our service excellence position provides us with a clear possibility to further decrease churn, facilitate the migration for customers from other operators to our network and decrease process costs associated with customer services. Some of the key initiatives in this area involve the following:

- *Simplicity in product range.* We have closed down several non-core products during end of 2012 and beginning of 2013 in order to further simplify our portfolio and be able to give full support to all the products that we offer.
- *Dedicated service personnel for SME customers.* B2B customers are now provided with a dedicated service personnel that can cater to all of their requests without having to pass the customer on to other units in our organization.
- *Simplified interactive voice response systems.* Complex interactive voice response (IVR) systems are one of the top-3 complaints across any industry in terms of customer service. During the second and third quarter of 2013, we are implementing a new call management platform as well as customer process to try and maintain the number of IVR-actions between 1-3 per session. We expect that this approach will decrease technical costs as well as increase our ability to answer customers quick and to the point.
- *Segmentation of service treatment.* To best serve our customers, we intend to continue our strategy of providing critical customer care services in-house, while outsourcing non-critical services. We believe that this strategy provides the right combination of better performance, faster response and cost efficiency.
- *Improved retention and churn management.* In addition, we intend to strengthen our efforts to retain our high quality customer base by improving customer loyalty and reducing churn. In 2011, we formed a dedicated team to focus on identifying the root causes for churn, which has led to a material reduction of churn in our most valuable postpaid segment. We have defined and prioritized specific initiatives to reduce churn at an early stage, and our efforts are now focused on implementing this strategy in order to further significantly reduce our churn rates in the coming years. Our strategy to enhance customer satisfaction and the reduction of churn also includes the continuation of our *à la carte* flexible tariffs approach, the enhancement of the quality of our network, the development of our direct distribution network to improve customer proximity and the improvement of our billing processes.

Our History

We were formed in January 1998 by Orange Overseas Holdings Ltd., VIAG AG and Swissphone Engineering AG. In the same year, we acquired the third mobile telecommunications license in Switzerland and, in 1999, launched our mobile telecommunications services. In 2000, France Telecom became the majority shareholder through the acquisition of a 42.5% stake in Orange from E.On (formerly VIAG AG) and a further 14.75% from other shareholders in 2001. In December 2000, we acquired a Swiss UMTS license.

In 2002, we expanded our operations to Liechtenstein with the acquisition of VIAG Europlatform, which thereafter became Orange Liechtenstein. In the same year, FT Group acquired the outstanding shares in Orange, thereby becoming the sole shareholder of the Orange Group.

In 2003, after having established our own, independent mobile telecommunications network, we terminated our agreement with Swisscom regarding roaming, on which we had based our mobile telecommunications services since our entry into the market in 1999.

In 2009, the shareholders of Orange and Sunrise signed an agreement for the merger of their respective Swiss operations that was subsequently blocked by ComCo in April 2010.

On February 29, 2012, pursuant to the Acquisition Agreement, MM acquired all of the issued and outstanding capital stock of Orange. The Issuer is the parent of Matterhorn Midco, which, in turn, is the parent company of MMH, which, in turn, is the parent company of MM. See "*Summary—Corporate Structure and Certain Financing Arrangements*."

Business Operations

Overview

We provide mobile telecommunications products and services to both residential and business customers and further provide fixed voice and broadband internet, as well as certain additional related products and services.

Our mobile telecommunications products and services generated the largest part of our revenues, at 95.8% of total revenues for the year ended December 31, 2012. Mobile telecommunications revenues was comprised primarily of network revenues (86.4% for the year ended December 31, 2012) and equipment revenues (9.4% for the year ended December 31, 2012). Fixed voice accounted for 0.5% of total revenues for the year ended December 31, 2012, and further products and services accounted for 3.7% of total revenues for the year ended December 31, 2012.

Our organizational structure is based on three specialized business units: "Consumer," which addresses the consumer market, "Business," which addresses all B2B activities, including enterprises and wholesale, and "Customer Operations." Support functions are carried out by the "Network and IT," "Finance" and "HR" divisions. Each of the business units and each of the support divisions is headed by a chief officer that is also a member of the Company's management board led by the CEO.

Mobile Telecommunications Offerings

As of December 31, 2012, we had approximately 1.67 million mobile subscribers. Our mobile service offerings include voice services, non-voice services (including SMS, MMS and data services on handsets) and mobile broadband services. We also offer mobile handsets, USB modems and other hardware devices, which we generally subsidize to promote our offerings. In addition to our mobile offerings targeted at the retail consumer segment, we also offer a variety of products and services targeting the specific needs of SoHo and SME business customers. We further have arrangements with resellers and MVNOs whereby we provide them with access to our network.

We offer our mobile voice and data services on both a postpaid (or contract) and prepaid basis, through several price plans. Postpaid subscribers are invoiced periodically for services used, and generally enter into 12-month or 24-month long contracts. Prepaid subscribers pay in advance and can recharge ("top-up") their prepaid SIM card with additional credit. We have historically had a strong focus on postpaid subscribers.

Postpaid Offerings

Postpaid subscribers represented 88.6% of our network revenues for the year ended December 31, 2012, and approximately 63.7% of our total mobile subscriber base at December 31, 2012. A majority of these subscribers have entered into 24-month contracts.

Residential Customers

Our key postpaid offering to residential customers is Orange Me. Orange Me is an innovative concept that allows customers to customize their subscription with respect to three parameters (voice minutes, SMS and data) by means of a simple equalizer. We believe that this simple and flexible concept that allows customers to individually select their subscription based on 30 options, has differentiated us from our main competitors Swisscom and Sunrise, whose offerings follow a less flexible tiered bundle approach. Between January 1, 2011 and December 31, 2012, our postpaid residential customer base increased by 12.1% from 828,112 (53.0% of mobile subscribers) to 928,168 (55.6% of mobile subscribers), underlining the successful launch of the Orange Me offering.

In addition, Orange Young, an offering based on Orange Me that we launched in June 2011, is targeted at younger customers, offering particular features and more advantageous price plans to subscribers under the age of 27. With Orange MyGroup, an option under Orange Me, a customer may define a group of a maximum of five Orange customers who then benefit from unlimited free calls and SMS to the other group members.

Business Customers

We target our offerings at business customers, predominantly SoHos and SMEs. Our two main offerings for business customers are Orange Me, a *à la carte* offering similar to what we offer residential customers, with certain additional services adapted to the specific needs of business customers, and Optima Enterprise. All our offerings to business customers are postpaid offerings.

Business postpaid customers remained relatively stable and accounted for approximately 8.1% of our mobile subscriber base as of December 31, 2012.

Prepaid Offerings

Historically, our primary focus has been on postpaid services. Our prepaid mobile voice and data offerings together accounted for 7.9% of our network revenues for the year ended December 31, 2012. Prepaid subscribers represented approximately 36.3% of our total subscriber base as of December 31, 2012.

In 2011, we adjusted our commercial strategy regarding prepaid offerings and launched Orange Me PrePay in October 2011, a product in the prepaid segment that allows prepaid customers to benefit from a simple and customizable product offering, similar to the Orange Me offer for postpaid customers.

Mobile Broadband Offerings

We offer a range of specific mobile broadband products that provide wireless internet access through USB keys, dongles, notebooks and tablets, in addition to data services on mobile phones. Mobile broadband products, excluding data services on mobile phones, generated 1.4% of our revenues for the year ended December 31, 2012.

MVNOs / Wholesale Resellers

We have a dedicated business unit, under the "Business" division, that manages and develops our MVNO and wholesale reseller portfolio with the aim to become the key partner for MVNOs and resellers in the Swiss telecommunications market. See "*—Our Strengths—Strong Market Share and Attractive Value Positioning*."

MVNOs are companies that provide mobile services through bilateral agreements with MNOs without having their own licensed frequency allocation of radio spectrum and/or owning their own nationwide mobile network infrastructure. They rely on a MNO to provide their customers with access to frequency allocation and network infrastructure. MVNOs enter into contracts directly with their customers and offer services solely under their own brand. MVNO customers are not counted as part of our subscriber base.

As of December 31, 2012, we had the following MVNOs on our network:

- *Transatel*: Transatel is an MVNO operator that is also active in France, Luxembourg, Belgium, the Netherlands and the United Kingdom. It principally addresses specific customer segments.
- *Ortel*: Ortel is a subsidiary of KPN, the Dutch telecom operator. It started its operations in Switzerland in October 2011. Ortel is also active in Germany, Spain, France, Belgium and the Netherlands and addresses specific customer segments. Our agreement with Ortel provides for an initial term of three years starting from the public commercial launch in October 2011; after expiration of the initial term, if no notice of termination is given, the agreement is extended automatically for successive two-year periods. During the initial term, Ortel is required to generate certain minimum revenues. In addition to the MVNO services, we provide mobile virtual network enabler ("MVNE") services to Ortel (using Transatel as a MVNE supplier). See *"Risk Factors—Risks Related to Our Market and Our Business—We depend on our wholesale reseller and MVNO partners to access a broader and more diverse base of subscribers and grow our subscriber base."*

Further, in 2011, we signed an agreement regarding MVNO services with UPC Cablecom, the leading Swiss cable company. The agreement is expected to be an important step in the development of our MVNO customer growth. To our knowledge, UPC Cablecom intends to launch its commercial offering in the last quarter of 2013 or the first quarter of 2014. The agreement with UPC Cablecom provides for an initial term of three years as of the date of the public commercial launch. After expiration of the initial term, the agreement is, if no notice of termination is given, automatically extended for successive two-year periods. During the initial term, UPC Cablecom is required to generate certain minimum revenues. UPC Cablecom has the right to terminate the contract prior to launching its MVNO service. In such a case an exit fee will be payable to us.

We are also in negotiations with potential additional MVNO partners.

Like MVNOs, wholesale resellers rely on a MNO to provide their customers with access to frequency allocation and network infrastructure. However, unlike MVNOs, wholesale resellers do not enter into contracts with their customers. The MNO directly enters into a contractual arrangement with the customers of the reseller. Services offered by wholesale resellers are co-branded with the MNO (e.g., "Coop mobile, powered by Orange").

We currently have a prepaid as well as a postpaid reseller agreement in place with Coop, under which Coop resells prepaid and postpaid products and services on a co-branded basis. Coop is the second-largest retail trade group in Switzerland, operating over 1,900 stores. Our agreements with Coop have recently been extended until the end of 2014. If neither party sends a termination notice by the end of 2013, those agreements will automatically be extended for an additional two years. In exchange for its reseller activities, Coop is entitled to a commission. Under our agreements with Coop, both parties are subject to exclusivity provisions. We are prohibited from entering into agreements for similar services with other retail chains active in Switzerland in the food, construction and hobby, consumer electronics, perfumery and furniture areas, as well as gas stations.

Regarding business customers, we have further entered into a number of reseller agreements under which our partners may resell our products and services as part of their offering to business customers.

Handset Offerings and other Accessories

We offer our subscribers a broad selection of handsets and related accessories, which we source from a number of well-known suppliers, including Apple, Samsung, Sony Mobile Communications AB ("Sony Mobile"), TCT Mobile Limited ("TCT Mobile"), ZTE Corporation ("ZTE"), Morpho Cards GmbH, Huawei Technologies Co. Ltd ("Huawei Technologies") and HTC Corporation ("HTC"). We are in negotiations with Nokia Corporation ("Nokia"), LG Corporation ("LG"), Gemalto N.V. ("Gemalto") and Research In Motion Limited (doing business as BlackBerry; "BlackBerry") as regards to standalone contracts.

We provide handset subsidies as a marketing strategy to grow our mobile subscriber base and reduce churn. The amount of the subsidy depends on the applied price plan that is combined with the handset and the length of the contract. Although handset subsidies increase subscription acquisition costs, they are a standard industry practice and an important part of subscriber acquisition and retention and are necessary in order to remain competitive.

In 2008, we were the first telecom operator to launch the iPhone in Switzerland. We now offer the iPhone 5 and Samsung Galaxy S3 with an Orange Me postpaid subscription. See "*—Business Operations—Mobile Telecommunications Offerings—Postpaid Offerings*."

We also offer BlackBerry hardware and RIM services to residential customers and business customers on a postpaid basis.

To further enhance our mobile internet offer, we extended our hardware portfolio to include tablets, netbook and notebook computers. In this segment, we offer Acer, HP and Samsung devices.

Prior to the Acquisition, we historically sourced our handset and hardware offerings under corporate sourcing contracts entered into by France Telecom with third-party providers or FT-related procurement entities. Since the Acquisition, we have negotiated a contractual agreement with our main handset supplier, Apple. We believe the terms of our new contract with Apple are satisfactory and are in line with our expectations as one of the three nationwide mobile network operators in Switzerland. We carefully monitor pricing terms under these corporate sourcing contracts and may seek to obtain more commercially favorable terms by joining a purchasing consortium in the future. See "*—Certain Contracts Relating to the Operation of Our Business.*"

International Roaming

On December 23, 2011, we entered into an agreement relating to roaming with France Telecom, effective on the Completion Date. The agreement covers the period from 2012 through 2015, sets forth general principles governing inter-operator tariffs between the FT Group and us and clarifies the circumstances under which we may benefit from agreements between the FT Group and third-party operators. The agreement provides for certain guaranteed volumes of roaming traffic from the FT Group to our network in exchange for agreed volumes that we will send to the FT Group, based on a decreasing scale of mutual commitments through 2015. With respect to contracts with third-party operators, the agreement provides that we will retain the benefit of France Telecom's third-party roaming agreements in 2012. For 2013 to 2015, France Telecom has agreed to use its best efforts in negotiating to include us in agreements with certain third-party telecommunication services providers and France Telecom. In addition, pursuant to the roaming agreement with France Telecom dated December 23, 2011, the terms of settlement for inter-operator tariffs between the FT Group and us may shorten going forward from the present settlement cycle of 365 days. The roaming agreement may be terminated by either party in certain circumstances, including if we or France Telecom commit a material breach of the agreement or if we undergo certain change of control events or if a competitor purchases shares in us.

Fixed Voice and Broadband Internet

We do not have our own dedicated landline network infrastructure to provide landline broadband internet and fixed voice services. However, we entered into a reseller agreement with VTX Services, effective since April 2007, regarding the provision of broadband customer services (ADSL) and fixed voice services. VTX Services itself provides its services on the basis of a wholesale agreement with Swisscom. An example of our fixed voice and broadband products and services is Office Team, offering business customers fixed and mobile communication and broadband internet from one hand.

Additional Products and Services Offered

Our offering of products and services also includes Orange Care, a portfolio of care services including, among others, insurance, mobile phone configuration services and handset repair services. Further, our customers have access to a personalized mobile internet portal that provides news, TV, social communities, games and access through a personal account manager.

Marketing and Branding

We have historically marketed our products and services under the *Orange* brand. On December 23, 2011, in connection with the entry into the Acquisition Agreement, we entered into a brand license agreement with Orange Brand Services Limited that became effective on the Completion Date. Under the terms of the agreement, we have a license to use the *Orange* brand for a period of three years, which, subject to certain conditions being satisfied, will renew automatically for an additional two-year period. We currently intend to continue to use the *Orange* and to carry out a rebranding process in 2014 or later. However, as our rights under the brand license may continue for up to five years, we may decide to change the timing or scope of our rebranding plans in the future.

In 2011, our marketing activities were focused on our renewed postpaid portfolio, emphasizing the strengths of our customizable, simple to use, flexible and easy to understand Orange Me and Orange Young offerings, targeting in particular higher-value customer segments and young customers. In 2012, the main focus of our marketing activities was to promote our renewed prepaid portfolio and our international call offerings as well as our Orange Young offerings. We have also continued to focus on retaining our high value customers as well as cross-selling and up-selling data bundles.

Our marketing team employs a multi-channel approach to advertise our products, with a strong online and social media team.

Besides our own single brand marketing activities, we have a prepaid as well as a postpaid whole reseller agreement in place with Coop, under which Coop resells prepaid and postpaid products and services on a co-branded basis (through "Coop mobile, powered by Orange"). Further, our MVNO partners generally target specific customer segments, allowing us to target a broader range of customers and successfully increase our subscriber base in more mass-market segments.

Sales and Distribution

Our sales and distribution organization and strategy regarding residential customers and business customers are managed by distinct business units.

Residential Customers

We distribute our products and services both directly and indirectly through partners. For the year ended December 31, 2012, approximately 58.1% of acquisition and retention acts by residential customers were generated through direct channels and approximately 41.9% were generated through indirect channels.

Our direct distribution channels are comprised of our network of currently approximately 89 shops, including own-branded shops, many of which are located at attractive locations in train stations and airports allowing more flexible opening hours than common in Switzerland and which attract a larger number of customers, as well as approximately eleven point-of-sales in Globus department stores, a high-end department store in major Swiss cities. We also distribute our products directly through the Internet.

Through our direct distribution channels, we sell our mobile telecommunications offerings, fixed voice, and broadband, as well as further products and services, and we also offer customer care services. For residential customers, our own shops account for an increasing percentage of total new contracts signed. For the year ended December 31, 2012, approximately 58.1% of acquisition and retention acts by residential customers were generated by our own shops. Increasing reliance on direct distribution channels is a key factor for decreasing subscriber acquisition and retention costs and we intend to optimize and develop further our own direct distribution channels to maintain our market presence, enhance the specific customer experience and manage subscriber acquisition and retention costs. We also plan to target our residential customers directly via telesales activities in the future.

Our indirect distribution channel includes partners who sell our products and services, such as, for example, Mobilezone, Swiss Post, Interdiscount, Mediamarkt. Indirect distributors are commissioned on each retained subscriber and new contracts signed. In addition, MVNOs and wholesale resellers on our network generally distribute mobile telecommunications services under their own brand (except for Coop, which distributes on a co-branded basis) and through their own distribution network and channels.

Business Customers

With regard to business customers, we have developed our direct distribution network to address the SoHo and SME segments through a true multi-channel approach involving own shops, distribution partners, sales representatives, telesales and internet.

As a key feature, each SME business customer is assigned a dedicated agent as single contact person.

Customer Service and Retention

The key focus of our customer care services is to enhance the customer experience, with a view to reducing churn and improving market recognition.

We provide customer care services, including commercial and technical support mainly through our contact centers, online self-care functionalities, and in our Orange stores.

In particular:

- we operate two main contact centers, one in-house in Biel and one through our outsourcing partner, Teleperformance Schweiz, based in Portugal. In our contact centers, we have, among other things, implemented a skill-based routing of customer issues via an interactive voice response (IVR) to provide direct access to an agent with relevant skills, so as to maximize the rate of first call resolution of issues. We have been recognized by the press and received awards from the Swiss call center association for innovative call center solutions and also received an award for best mobile telephony provider for residential customer hotlines from "Contact Management Magazine" in 2010.
- our customers can also access a broad range of internet based self-care functionalities with their computer or mobile phone. Self-care accounts for the vast majority of our customer care contacts.
- we also provide customer services in our own shops, where we aim at maximizing customer satisfaction, among other things, by a front-line academy for employee training, best practices sharing systems between the different shops, and by incentivizing our employees.

Orange Care is a further key element of our customer services. Orange Care is a portfolio of customer care services that includes, among other features, insurance and dedicated access to smartphone experts who can access the customer's device remotely for configuration or repair services. Orange Care services are available in every Orange center or shop as well as online and over the phone.

In addition, we provide each of our SME business customers with a dedicated agent as single contact person, a service that differentiates us from our main competitors.

In addition to the measures we have taken to improve customer service and customer experience, we have a firm-wide dedicated retention team addressing implicit and explicit churn requests, with the aim of retaining our customer base and revenues. Our retention team focuses on eliminating the root causes for churn by applying a three-step churn management approach comprising (i) an in-depth analysis of churn practices, churn causes and churn distribution, (ii) the definition and prioritization of specific initiatives to reduce or prevent churn at an early stage and (iii) the execution and monitoring of a specific churn action plan, including, for example, by making follow-up calls in reply to written cancellations.

This approach has proven very successful as we saw our postpaid churn rate decrease significantly over the past 2 years, from 21.2% for the year ended December 31, 2010 to 19.4% for the year ended December 31, 2011 and to 17.5% for the year ended December 31, 2012.

Credit Management and Billing

We bill our postpaid mobile customers directly. SIM cards, mobile phones and other devices can either be purchased directly from us or from one of our indirect distributors who, in turn, purchase them from us. We send monthly bills to our postpaid mobile customers, payable within 25 days, and we monitor customer collections and payments. Overdue receivables in excess of 120 days are transferred to Intrum, a third-party factoring agency. We maintain a provision for estimated credit losses, based on a percentage of risk of payment default with reference to ageing of overdue invoiced amounts. In particular, the provisions foresee different levels of risks for residential and business customers, sales partners and distributors, operators, and roaming partners. Our write-offs of customer bad debt were 0.6% of total revenues in each of the years ended December 31, 2010, 2011 and 2012. These losses are mainly related to retail postpaid customers. We also offer direct debit and e-payment. While a significant majority of our customers pay electronically, the use of direct debit is generally unpopular in the Swiss market.

Prepaid mobile customers purchase SIM cards, mobile phones and other devices directly from us or from retailers and dealers who, in turn, purchase them from us. We bill these retailers, dealers and distributors shortly after we deliver these products. These customers then have the ability to top-up their accounts through a number of payment channels, either directly with us (through the Internet or in one of our shops), via SMS with PostFinance Mobile Payment, or through any of our indirect distribution partners.

Network and Infrastructure

Mobile Access Network

We offer mobile services through our 2G GSM/GPRS and 3G UMTS/HSPA mobile access network comprising as of December 31, 2012 approximately 3,460 base stations equipped with 2G technologies (GSM/GPRS/EDGE) and 2,280 base stations equipped with 3G technologies (UMTS/HSPA):

- our 2G mobile access network consists 95% of 1800MHz antennas that were mostly deployed between 1999 and 2006. About 97% of our 2G Base Transmitter Stations ("BTS") and all Base Station Controllers ("BSCs") went through a complete renewal that was completed by the end of the first quarter of 2013. We estimated, as of December 31, 2012, that our 2G network covered approximately 99.1% of the Swiss population (voice outdoor coverage).
- our 3G mobile access network currently comprises mainly 2100 MHz antenna and we are currently in the process of deploying 900MHz antenna. We estimated, as of December 31, 2012, that our 3G network covered approximately 92.2% of the Swiss population (voice outdoor coverage).

We initiated a new network strategy in the second half of 2010, with a particular focus on improving the network from a customer perception perspective:

- in the first quarter of 2013, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements. This substantially improved the general network quality, the coverage as well as provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability (4th Generation). Some of the benefits that we have already realized or expect to realize in the current year based on the completion of the RAN renewal program in the first quarter of 2013, include:
  - an increase by threefold in the 2G data speed increase as a result of the EDGE technology activated on approximately 75% of 2G network elements currently;
  - the release of 2G HD voice, which was launched in October 2012;
  - a significant improvement in our environment and network efficiency with an expected decrease of 30% in the rate at which our sites consume energy; and
  - in parallel, our 3G network was upgraded with HSPA+ (up to 42 Mbps) since the start of the RAN Renewal program in 2011 and has provided HD voice quality to our 3G customers since the end of 2011.

As we focus on the strategic planning and development of our mobile network, we have signed a managed services agreement with Ericsson in December 2012 with a regular term of five years. This agreement covers all of our operations in Switzerland, including network management, field maintenance and spare parts management. In the field of mobile network infrastructure, including maintenance and outsourcing, we entered into a five year agreement with Nokia Siemens Networks in January 2013 to extend our radio access network and supply and build our network to deliver 4G (LTE—long term evolution) services. This turnkey delivery agreement covers all build activities such as site acquisition, build permit procedures, upgrades and hardware maintenance for the Orange mobile network. The scope of our agreements with Ericsson and Nokia Siemens Networks is replacing the agreement that we had with ALU, which expired on December 31, 2012 and has not been renewed. See "*—Certain Contracts Relating to the Operation of our Business*."

Transmission and Transport Network

Our mobile transmission and transport network comprises of a backhaul network (microwaves & leased lines), metro-rings, a national backbone network (core transport network), as well as an IT data network. In 2011, we commenced the backhaul refresh and in 2012 we launched an upgrade of our backbone network to enable the use of HSPA+ and LTE services.

Landline Network

We have no landline network to offer fixed-voice and broadband internet services. Our landline offerings are based on a reseller contract of fixed line services provided by VTX Services, our fixed line partner. In addition, we have built effective interfaces, tools and processes with VTX Services to support the launch of fixed propositions based on an "asset light" model in the future.

IT Systems

Our information technology systems are highly integrated into every aspect of our business providing capabilities for a variety of purposes in relation to customer front-ends, middleware and back-ends and cover, among other things, the following fundamental areas:

- billing, customer relationship management;
- point-of sales support, commissioning, sales force automation;
- supply chain management;
- online services;
- data warehousing;
- controlling, finance; and
- HR.

The systems are mainly hosted in three data centers (Crissier, Zürich, Balsberg, with the Core and VAS network elements being located in Crissier and Zürich).

Our IT operations have historically been outsourced to Hewlett-Packard.

We are also planning to implement a transformation plan in the second half of 2013 to refresh our legacy IT architecture aiming to consolidate order management, CRM and billing services, and in-source ISP capabilities, which is expected to improve efficiency, but also customer care and sales productivity. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures and Investments.*"

Licenses

We believe that we hold all necessary licenses to operate our business, see "*Regulation*." In Switzerland, our license to operate our GSM network expires on December 31, 2013, and our UMTS license expires on December 31, 2016. Our new license awarded in the 2012 spectrum auction, which supersedes our previous licenses, is due to expire on December 31, 2028. This spectrum license is a technology neutral license which includes the 800 MHz, 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz spectrum awarded to us. In Liechtenstein, our license to operate our GSM network expires on November 8, 2017, and our UMTS license expires on December 31, 2016. In addition we hold three point-to-point radio relay systems licenses, which are valid until December 31, 2016.

On February 23, 2012, ComCom and OFCOM announced the results of the auction of mobile radio frequencies. The auction, which ran from February 6 to February 22, 2012, related to the renewal of licenses for the 900, 1800 and 2100 MHz bands, as well as the new 800 and 2600 MHz LTE bands. Under the auction process, the frequency allocation between the three mobile operators Orange, Sunrise and Swisscom was determined by the bidders rather than a public authority. Orange obtained 160 MHz spread between the five bands available for a purchase price of CHF 154.7 million. The licenses granted in the 2012 spectrum auction will run until the end of 2028.

As a result of the auction, we believe we have secured an adequate amount of spectrum, in-line with our two main competitors, Sunrise and Swisscom, to keep developing our network and to address our future needs with respect to new generation services. In addition, we have obtained the best price per MHz compared to Sunrise and Swisscom. See "*Regulation—Mobile Regulatory Environment—Spectrum Auction 2012.*"

We also believe that we secured appropriate frequency spectrums for expanding our mobile broadband network and for investing in new technologies, including 4G. We plan to launch the 4G pilot phase this year. In this initial pilot phase, customers will be able to trial 4G mobile phone communications in up to ten Orange centers in various cities across Switzerland. In spring 2013, we expect that selected customers will be able to use 4G on their own mobile devices. We expect to launch our 4G offering in ten major cities in Switzerland and in certain ski resorts in June 2013.

On July 4, 2012, Orange opted to pay for its spectrum allocations in installments of 60% (equivalent to CHF 92.8 million) by August 6, 2012, 20% by June 30, 2015 and the remaining 20% by December 31, 2016. The first spectrum installment payment of CHF 92.8 million was made on July 24, 2012 and 40% currently remains outstanding.

Certain Contracts Relating to the Operation of Our Business

We are a party to a number of agreements that are important to our business, including those set out below.

FT Group Sourcing of Mobile Handsets, SIM Cards and Accessories

We have historically sourced handset and hardware products under corporate sourcing contracts entered into by France Telecom with third-party providers. Since the Completion Date, we have not been part of the FT Group and cannot source products under such corporate sourcing contracts, subject to any transition period included in the relevant sourcing contract.

On December 23, 2011, MM and the Company entered into the Transitional Agreement with France Telecom identifying, among the products and services provided by the FT Group or by third parties under agreements with FT Group or FT-related procurement entities to the Group prior to the Completion Date, which are to be maintained, modified or terminated after the Completion Date, and setting forth the conditions under which certain products and services of France Telecom and third-party providers may continue to be provided after the Completion Date.

Under the Transitional Agreement, France Telecom has agreed to use reasonable best efforts to procure that we continue to benefit from applicable contracts following the Completion Date during any transition period included in the relevant sourcing contract, and to reasonably cooperate regarding a potential further extension leading in any case to a transition period of a maximum of 24 months following the Completion Date.

We have entered into a stand-alone agreements with several key suppliers of handsets, SIM cards and accessories, including Apple, Samsung, Sony Mobile, TCT Mobile, ZTE, Morpho Cards GmbH, Huawei Technologies, and HTC. We are in negotiations with Nokia, LG, Gemalto and BlackBerry as regards to standalone contracts.

International Roaming Agreement

On December 23, 2011, we entered into an agreement relating to roaming with France Telecom, which became effective on the Completion Date. The agreement covers the period from 2012 through 2015, sets forth general principles governing inter-operator tariffs between the FT Group and us and clarifies the circumstances under which we may benefit from agreements between the FT Group and third-party operators. The agreement provides for certain guaranteed volumes of roaming traffic from the FT Group to our network in exchange for agreed volumes that we will send to the FT Group, based on a decreasing scale of mutual commitments through 2015. With respect to contracts with third-party operators, the agreement provides that we will retain the benefit of France Telecom's third-party roaming agreements in 2012. For 2013 to 2015, France Telecom has agreed to use its best efforts in negotiating to include us in agreements with certain third-party telecommunication services providers. Pursuant to the roaming agreement with FT dated December 23, 2011, the terms of settlement for inter-operator tariffs between the FT Group and us are expected to shorten from 2013 from the present settlement cycle of 365 days. The roaming agreement may be terminated by either party in certain circumstances, including if we or France Telecom commit a material breach of the agreement, if we undergo certain change of control events or if a competitor purchases shares in us.

FT Group Mobile Network Infrastructure Including Maintenance Agreement and Outsourcing Agreements

We have historically further sourced mobile network infrastructure, maintenance and outsourcing products and services under corporate sourcing contracts entered into by France Telecom with third-party providers. Under the Transitional Agreement, France Telecom has agreed to use reasonable best efforts to procure that we will continue to benefit from applicable contracts until their relevant termination dates as set forth in the Transitional Agreement and to reasonably cooperate regarding a potential further extension leading in any case to a transition period of a maximum of 24 months following Completion Date.

For example, prior to the Acquisition, we benefited from agreements entered into by France Telecom with Nokia Siemens Networks, ALU, NEC Corporation and Ericsson. In particular the agreements with Nokia Siemens Networks regarding the purchase and maintenance of BSS, UTRAN, OSS products and software releases and related services, as well as the agreements with Nokia regarding the NSS/OSS maintenance services were important to us. Nokia Siemens Networks, among other things, provides all equipment for the renewal/swap of our access network under the ongoing network investment plan. See "*—Network and Infrastructure*."

Following the Completion Date, we have negotiated with the relevant counterparties to enter into stand-alone sourcing contracts, replacing the sourcing contracts entered into by France Telecom.

Stand-alone Network Outsourcing Agreements with Ericsson and Nokia Siemens Networks

As we focus on the strategic planning and development of our mobile network, we have signed a managed services agreement with Ericsson in December 2012 with a regular term of five years. This agreement covers all of our operations in Switzerland, including network management, field maintenance and spare parts management. In the field of mobile network infrastructure, including maintenance and outsourcing, we entered into a five year agreement with Nokia Siemens Networks in January 2013 to extend our radio access network and supply and build our network to deliver 4G (LTE—long term evolution) services. This turnkey delivery agreement covers all build activities such as site acquisition, build permit procedures, upgrades and hardware maintenance for the Orange mobile network. The scope of our agreements with Ericsson and Nokia Siemens Networks is replacing the agreement that we had with ALU, which expired on December 31, 2012 and has not been renewed.

Wholesale Agreements

Interconnection Agreements

We have entered into separate interconnection agreements with Swisscom, Sunrise and UPC Cablecom regarding the connection of our network with their respective networks. For international interconnections, we have further entered into interconnection agreements with Bics, Colt, France Telecom, Telefonica O2 Czech Republic and Cable & Wireless Global regarding the international connection of our network with their respective networks. The respective interconnection agreements with France Telecom are covered by the Transitional Agreement and we will continue to benefit from these agreements for a transitional period of 24 months.

Wholesale reseller agreement with VTX Services

We have entered into reseller agreements with VTX Services regarding the provision of broadband customers services (ADSL), B2B VOIP and VOIP services, on the basis of which we provide our broadband internet and fixed voice to our customers. The reseller agreements with VTX Services contain change of control clauses that have not been triggered as a consequence of the Acquisition.

Agreements with MVNOs and Resellers

We currently have agreements with three MVNOs in Switzerland, Ortel, Transatel and UPC Cablecom and are in negotiations with further potential providers of MVNO services. Under the MVNO agreements, we provide other mobile telecommunications operators that do not possess their own network infrastructure with access to our network. In return, the MVNOs pay us a fixed acquisition price for the services and products distributed. MVNOs operate their own distribution channels and conclude contracts with their end customers under their own name and brand. They also determine the pricing applicable to the end customers. Under our reseller agreements with Coop and certain business to business reseller agreements, Coop and the other relevant counterparts offer prepaid and postpaid products and services on a co-branded basis. The reseller agreements with Coop have recently been extended to the end of 2014.

Distribution Agreements

We have contractual relations with third-party distributors who sell our products and services. Our agreements with these distributors follow the model of our standard Retail Partner Agreement and B2B Partner Agreements. Our distributor agreements are usually entered into for an indefinite period and may be terminated by either party by giving three months' notice. These contracts contain customary termination events which do not include a change of control, but, in light of the distribution of Apple products, contain an extraordinary termination right if we no longer have the agreement with Apple in place.

With regard to warehousing and distribution, we entered into a Service Agreement for Logistics Services and an extension agreement relating to this contract with ALSO Schweiz AG, our main logistics partner. The agreement has an indefinite term and provides for a two months' notice period for termination, at the earliest as per April 30, 2012.

IT-Services Outsourcing Agreements with Hewlett-Packard (HP)

On May 24, 2007, we entered into an outsourcing services agreement with HP for the outsourcing of IT services in various areas, with a focus on application support. While HP may terminate this agreement seven years after the commencement date (July 1, 2007), we have the right to terminate the agreement after an initial term of five years, i.e. June 30, 2012, by giving six months' notice. We also have a service agreement with HP in place dated November 24, 2003 regarding hardware and network maintenance. This agreement may be terminated by either party by giving three months' prior written notice.

Outsourcing Agreement with Teleperformance Schweiz

We entered into an outsourcing agreement with Teleperformance Schweiz, LibertyCall AG regarding the provision of call center services. The agreement provides for an initial term of three years until May 1, 2014. It may first be terminated nine months prior to the end of such initial term. The agreement contains customary termination events.

Legal Proceedings

We are subject to various legal proceedings. Below is a description of the pending legal proceedings that we consider material. In addition, we are subject from time to time to audits and investigations, some of which may in the future result in proceedings being instituted against us. See "*Risk Factors—Risks Related to Our Market and Our Business—Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas*."

Antenna site disputes are common issues for mobile telecommunications network operators, including us. Currently, we are subject to approximately 100 antenna cases, including appeals against the relevant building permit applications for antenna sites, appeals against the termination of site lease contracts and appeals against newly established planning zones. The number of antenna site disputes has been stable over the past years.

On November 17, 2011 the Swiss Federal Arbitration Commission for the rights on copyrights and neighboring rights (*Eidgenössische Schiedskommission für die Verwertung von Urheberrechten und verwandten Schutzrechten*) decided on a tariff to provide compensation for the copying of protected intellectual property onto mobile handsets by private individuals. Pursuant to this decision, manufacturers and importers of certain handsets that allow the storage and playing of music (*Musikhandys*) must pay compensation in the amount of CHF 0.25 per gigabyte of memory. That tariff will apply retrospectively from July 1, 2010 until December 31, 2011. An appeal against this decision has been filed with the Federal Administrative Court and is currently pending. Should the Federal Administrative Court uphold this decision, we would be liable to pay approximately CHF 1.5 million for the period from July 1, 2010 to December 31, 2011.

On December 5, 2011 the Swiss Federal Arbitration Commission for the rights on copyrights and neighboring rights determined the tariff for the copying of protected intellectual property onto mobile handsets by private individuals for the period from January 1, 2012 to December 31, 2013. Pursuant to this decision, manufacturers and importers of certain handsets that allow the storage and playing of music (*Musikhandys*) must pay compensation in the amount of CHF 0.219 per gigabyte of memory. An appeal against this decision has been filed with the Federal Administrative Court and is currently pending. Should the Federal Administrative Court uphold this decision, we would be liable to pay approximately CHF 150,000 per month from January 1, 2012 through December 31, 2013.

Environmental Matters

We are subject to a broad range of environmental laws and regulations. These laws and regulations impose increasingly stringent environmental obligations regarding, among other things, radiation emissions, zoning, the protection of employee health and safety, noise, and historical and artistic preservation. We could therefore be exposed to costs and liabilities, including liabilities associated with past activities. Our operations are subject to obligations to obtain environmental permits, licenses and/or authorizations, or to provide prior notification to the appropriate authorities.

Our objective is to comply in all material respects with applicable environmental and health control laws, and all related permit requirements. We believe that the principal environmental risks arising from our current operations relate to the potential for electromagnetic pollution and for damage to cultural and environmental assets. In extreme cases, the penalty for repeat violations of the applicable environmental laws in Switzerland could result in administrative sanction, suspension and even revocation of our license.

We use different network infrastructure strategies to achieve radiation emission ranges lower than the minimum levels permitted by applicable Swiss regulations. If the Swiss government or regulator were to set limits on electromagnetic emissions that are stricter than those currently in effect, we could be required to upgrade, move or make other changes to our mobile telephone infrastructure.

We enacted various guidelines—in particular with regard to the quality of antenna sites and minimization of safety risks in connection with non-ionising radiations—as well as a health and safety policy. We have further obtained ISO 9001:2008 system certifications in connection with the circular of the Federal Office for the Environment regarding the quality assurance for compliance with the limits of antenna radiation dated January 16, 2006.

Employees and Pension Obligations

As of December 31, 2012, our headcount comprised 1,083 full time equivalents ("FTE") split into the following positions: 83.9% of our employees were full-time employees and 16.1% part-time. In February 2013, we announced a transformation program designed to reduce operating costs and make our business more customer-focused. During 2013, we plan to reduce our workforce by up to 140 full time employees. The initial phase, which was implemented in March 2013, led to a reduction of 68 full time employees, mostly in corporate functions. In a second phase later in 2013, further employment reductions will be implemented, which will enable us to modernize and simplify our business processes.

We have a representative body for the employees, the Employee Forum. As the representative body, the Employee Forum ensures the implementation of the Swiss Federal Act on Information and Consultation of Workers in Business Operations. We have not entered into a collective labor agreement.

We provide retirement benefits to our employees as required by Swiss law by means of a pension fund that is a separate legal entity. The pension fund is organized as defined contribution scheme (treated as a defined benefit agreement for the purposes of IFRS) and consists of three pension plans. The basic pension plan 1 covers all employees with an annual salary below 3.5 times the maximum basic old age pension, i.e. currently approximately CHF 97,440. The basic pension plan 2 covers all employees who are not members of our management with an annual salary equal or above 3.5 times the maximum basic old age pension mentioned above. For members of management, there exists a specific basic pension plan 3.

As of December 31, 2012, we had a pension liability of CHF 52 million (under IFRS). See "*Risk Factors—Risks Related to Our Market and Our Business—Our pension liability may reduce our cash flows, profitability, financial condition, net assets, distributable reserves and our ability to pay dividends.*"

We believe that our employee relations are good. We have been recognized as a "great place to work" according to surveys conducted inside and outside the company. We have not experienced any labor-related work stoppages during the past three years.

Property and Leases

We currently use six office buildings and approximately 89 own shops. We lease five of the six offices buildings, including our headquarters in Renens and we entered into a sale and lease back arrangement with respect to our office/call center in Biel in March 2012. We own our office/storage building in Crissier measuring approximately 656 square meters.

We currently own approximately 3,460 2G GSM/GPRS base stations (BTS) and 2,280 3G UMTS/HSPA base stations (node-B) at approximately 3,830 antenna sites. We lease the antenna sites from their respective owners. We use additional sites, regarding which we entered into joint use or similar agreements with the respective owners of the antenna sites.

Intellectual Property

Orange Brand Licensing Agreement

On December 23, 2011, in connection with the entry into the Acquisition Agreement, we entered into a brand license agreement with Orange Brand Services Limited, which became effective on the Completion Date. Under the terms of the agreement, we have a license to use the *Orange* brand for a period of three years, which, subject to certain conditions being satisfied, will renew automatically for an additional two-year period. We currently intend to continue to use the *Orange* brand and to carry out a rebranding process in 2014 or later. However, as our rights under the brand license may continue for up to five years, we may decide to change the timing or scope of our rebranding plans in the future.

Under the brand license agreements, we are generally obligated to pay France Telecom royalties on a quarterly basis (equivalent to 1.6% of operating revenues), but have the right until December 31, 2014 to defer up to CHF 31.0 million of brand license fees we owe for 2012 and 2013 under such agreement. We currently estimate that non-recurring costs relating to rebranding will be on the order of CHF 40 million (all or part of which we may capitalize), in addition to our ongoing marketing and advertising costs. The brand license agreement may be terminated in certain circumstances, including by Orange Brand Services Limited if we commit a material breach of the agreement, if we do not satisfy certain minimum investment requirements in the *Orange* brand, if we undergo certain change of control events or if a competitor purchases shares in us, or by us if Orange Brand Services Limited commits a material breach of the agreement.

Insurance

We maintain insurance coverage in amounts that we believe are sufficient to insure appropriately our risks, including insurance for general and product liability, including EMF, property damage/ business interruption, directors and officers liability, buildings, construction and erection, special technical equipment and various other insurances.

Insurance policies that were linked to global FT Group insurance policies have been replaced by stand-alone local agreements. We have maintained insurance coverage consistent with industry standards.

REGULATION

Overview

Our activities in Switzerland are subject to statutory regulation and supervision by various Swiss national authorities, in particular ComCom and OFCOM. In addition to ComCom and OFCOM, ComCo and the Swiss price supervisor are also involved in regulatory issues relating to the telecommunications sector.

The relevant regulatory framework is set forth mainly in the Swiss Telecommunications Act (*Fernmeldegesetz* or "FMG") and associated ordinances and regulations, but also in the Swiss Cartel Act and some further pieces of legislation, such as the Swiss Federal Act and Ordinance on the Surveillance of Post and Telecommunications ("BUPF / VUPF") and the Swiss Radio and Television Act ("RTVG").

While Switzerland is not a member of the European Union and is, therefore, not subject to the EU telecommunications regulation, the liberalization of the Swiss telecommunications market has moved largely in parallel with the deregulation of the telecommunications market in the EU, and it is likely to further develop in line with developments in the EU. However, there are some conceptual differences, the most important regarding mobile telecommunication being subject to *ex-post* regulation in Switzerland as opposed to *ex-ante* regulation in the EU, and the lack of specific regulation on international roaming in Switzerland, it being understood that general principles of the Swiss Cartel Act, however, apply.

The Swiss telecommunications market was liberalized in 1998, when the FMG came into effect. While considerable achievements were made under the 1998 liberalization regime, some deficiencies were identified, which led to a partial but important revision of the FMG in 2007.

Telecommunications Industry Regulation

General

The general framework for the transmission of information by means of landline and mobile telecommunication is set out in the FMG and associated ordinances and regulations. The scope of the regulation of the FMG includes all legacy landline and mobile voice transmission, narrow and broadband data transmission, as well as the transmission of television and radio programs (irrespective of the infrastructure used, but subject to overriding provisions of the RTVG).

According to the FMG, all providers must possess the technical skills and capabilities necessary to offer telecommunications services, they must comply with the applicable laws and regulations, obey the labor laws and particular labor conditions in the industry, and offer a reasonable number of apprenticeships. The FMG also sets forth general rules on resources, including rules regarding fixed line and mobile numbers, a fully-liberalized regime on telecommunications equipment (such as devices and installations) that only regulates technical compliance, a particular regime on universal services, including financing, confidentiality of the contents of communications, data protection, and particular obligations of telecommunications providers to protect vital national interests in certain extraordinary circumstances. The FMG provides certain sanctions for violations of the law, in particular penalties for abuses, such as manipulation and prohibited use of information and interference with telecommunications, and the potential withdrawal of the licenses.

Access Regime

Pursuant to the FMG, any provider of telecommunications services that has been determined to be market dominant must, upon request by another telecommunications provider, provide the following minimum access to its infrastructure and services on a transparent and non-discriminatory basis and at cost-based prices in accordance with the long run incremental costs ("LRIC") method:

- fully unbundled access to the local loop;
- bitstream access to offer broadband services during four years after the launch of the access service;
- direct billing to unbundled customers (*i.e.* re-billing for fixed network local loops);
- interconnection services (including, at a minimum, origination, transit and termination of calls, number identification and suppression, access to value-added services (08xx, 09xx), and third-party physical interconnection for connection of services);
- leased lines; and
- access to cable ducts with sufficient capacities.

The above obligations to grant access apply to both mobile and landline telecommunication network operators, with the exception of the mandatory local loop unbundling which is limited to incumbent Swisscom's legacy landline infrastructure (twisted copper pair local loops) and notably excludes cable and mobile infrastructures.

Procedures and Disputes on Access

A provider that has been determined to be market dominant must publish the technical and financial conditions of its mandatory access services. If such market dominant provider chooses to offer additional access services at non-regulated conditions, it must publish those conditions as well. Non market-dominant providers may also offer a variety of access services at transparent, though unregulated, conditions. These offerings are generally published by the regulatory authority as well.

Upon request, access is granted by entering into an access agreement and an interconnection agreement (together referred to as "IC Agreements"). All IC Agreements, irrespective of whether a market dominant provider is involved, must be disclosed to OFCOM, and OFCOM, upon request, provides access to IC Agreements to any interested party, unless justified private or public interests prevail.

The mandatory access regime for market dominant providers is an *ex-post* regulation scheme. The regulator (ComCom) determines the conditions and prices of access services of market dominant providers only upon request and only if negotiations during a three-month negotiation period have failed. The subject of an access dispute may be whether the defending provider is market dominant, the scope of a mandatory access obligation (or whether the defending provider, if it has been determined to be market dominant, must offer the technical access service as particularly requested by the claiming provider), and/or the price or other conditions at which the requested access should be granted. In summary, ComCom will only issue an order setting the scope of the access and the price conditions if the defending provider has been determined to be market dominant, if the requested access is considered mandatory, and if the parties disagree on the price or other terms.

Universal Services

The regime on universal services regulates services to be offered throughout Switzerland to the entire population (including in remote regions). The provision of universal services requires ComCom to grant a license (*Grundversorgungskonzession*) for a limited time based on specified conditions. Theoretically, any telecommunications provider may apply for a universal services license, which are auctioned and allocated to those providers that best satisfy the quality requirements. As a matter of practice, however, Swisscom is the only owner of a universal services license in Switzerland and is, thus, obliged to supply a certain range of high-quality voice telephony, data transmission and additional services at (*ex ante*) regulated prices, while complying with the technical specifications issued by OFCOM. In return, Swisscom receives government compensation to cover parts of the costs incurred for providing universal services. This compensation is funded by fees obtained from all registered telecommunications service providers in Switzerland, including us, on the basis of each provider's gross revenues.

Mobile Regulatory Environment

License Obligation

Providers of mobile telecommunications services that wish to maintain their own mobile network must obtain licenses from ComCom or, in certain cases, from OFCOM to use radio frequencies. We currently hold a combined GSM/UMTS license for the provision of telecommunications services on the basis of GSM/UMTS standards that will expire on December 31, 2013 and a license for the provision of telecommunications services on the basis of UMTS standards that will expire on December 31, 2016, as well as three microwave licenses for point-to-point directional wireless communications (*Richtfunkkonzessionen*) that expire on December 31, 2016. The GSM/UMTS and UMTS licenses will be replaced by the licenses obtained in the Spectrum Auction 2012.

Spectrum Auction 2012

In February 2012, OFCOM, on behalf of ComCom, auctioned the currently free mobile radio frequencies and those which will become free by 2014 and 2017 respectively, including those of the so-called digital dividend (former broadcasting frequencies). As a result of this new award, more spectrum has been made available to the mobile operators than they previously had in service, and mobile operations are better able to meet the rapidly growing demand for mobile broadband services, to expand their networks using the latest mobile radio technologies such as LTE (Long Term Evolution) and to offer high-quality mobile radio services to consumers in Switzerland. Under the auction process, the frequency allocation between the three mobile operators Orange, Sunrise and Swisscom, was determined by the bidders rather than a public authority. Orange obtained 160 MHz spread between the five bands available for a purchase price of CHF 154.7 million. The licenses granted to Orange in the auction are valid until December 31, 2028. On July 4, 2012, Orange opted to pay for its spectrum allocations in installments of 60% (equivalent to CHF 92.8 million) by August 6, 2012, 20% by June 30, 2015 and the remaining 20% by December 31, 2016. The first spectrum installment payment of CHF 92.8 million was made on July 24, 2012, and 40% currently remains outstanding.

As a result of the auction, we believe we have secured an adequate amount of spectrum, in-line with our two main competitors, Sunrise and Swisscom, to keep developing our network and to address our future needs with respect to new generation services. In addition, we have obtained the best price / MHz (CHF 1.0 million / MHz; compared to CHF 3.0 million / MHz for Sunrise and CHF 1.4 million / MHz for Swisscom) and have received sufficient spectrum allocation of 28%, compared to 28% for Sunrise and 44% for Swisscom. The result of the spectrum auction are shown in the table below

	Orange	**Sunrise**	**Swisscom**	**Data available**
800 MHz	20 MHz	20 MHz	20 MHz	January 1, 2013(1)
900 MHz	10 MHz	30 MHz	30 MHz	January 1, 2014(2)
Total sub-1 GHz	**30 MHz**	**50 MHz**	**50 MHz**	
1,800 MHz	50 MHz	40 MHz	60 MHz	January 1, 2014(3)
2,100 MHz paired	40 MHz	20 MHz	60 MHz	January 1, 2017(4)
2,600 MHz paired	40 MHz	50 MHz	40 MHz	Immediately(5)
2,600 MHz unpaired	0 MHz	0 MHz	45 MHz	Immediately(5)
Total	**160 MHz**	**160 MHz**	**255 MHz**	
% of total	*28%*	*28%*	*44%*	

(1) Except for certain individual blocks in alpine region which may not be used before the end of 2013.

(2) Following a transition phase to be completed in the third quarter of 2014.

(3) Following a transition phase to be completed in the third quarter of 2014.

(4) Following a transition phase to be completed in the third quarter of 2016.

(5) Since June 2012.

Network Infrastructure Roll-out and Deployment

With regard to the roll-out and further deployment of our mobile network in Switzerland, we are particularly subject to the proceedings and regulations concerning the construction and maintenance of antennas. All mobile operators face, in the ordinary course of business, certain disputes and particular negotiation situations in relation to the deployment of particular antennas. See "*Risk Factors—Risks Related to Our Market and Our Business—We face legal and regulatory dispute risks*." Further, the radio emissions of antennas are subject to both regulation that is more rigid than in the EU and public discussion. Accordingly, there is a risk that the further deployment of our mobile network could encounter problems and delays due to disputes and discussions regarding the positioning of particular antennas.

Pricing

As to pricing, mobile telecommunications providers are free to set wholesale (such as roaming or call termination) and retail prices, subject to antitrust standards applicable in general and interconnection obligations as set forth in the access regime discussed above. Following a request from another mobile network operator, ComCom could pursuant to the FMG regulate MTRs (or other types of interconnection and/or access fees) on a LRIC basis if the operator was held to be market dominant in the relevant market. Although ComCo has already found that the nationwide mobile network of each operator (including ours) is to be seen as a distinct product market where every operator has a market share of 100%. We may not exclude the possibility that one of our competitors could invoke interconnection and request from ComCom (and, following an appeal, the courts) to oblige us to interconnect at regulated (LRIC) prices, thereby lowering our MTRs.

Further, there is constant political pressure to lower MTRs and retail prices for mobile telecommunication in general. Swiss mobile operators, including us, had also been under antitrust scrutiny for alleged abuse of market dominant positions for the termination of mobile voice traffic in their respective networks. This investigation was terminated by ComCo in December 2011, without the imposition of any penalty on the involved parties. ComCo's decision to terminate the investigation can no longer be appealed.

In September 2011, the National Council (*Nationalrat*) voted in favor of a motion brought by a member of Swiss Parliament to define maximum limits on international roaming prices. A similar motion was again passed by the National Council on March 12, 2013. On March 19, 2013, the Council of States (*Ständerat*) stayed the discussion of the motions and requested a report from the Federal Council explaining how the international use of voice and data communication is expected to develop technically in the future (e.g. "local breakout"). This report has to be submitted to the Swiss Parliament by the end of 2014. Therefore, we cannot exclude the possibility that in the future the Swiss legislator will enact rules limiting international roaming prices billed by Swiss telecommunications providers.

Landline Regulatory Environment

Providers of telecommunications services by means of landlines in Switzerland are not subject to any authorization or licensing requirements but have an obligation to notify OFCOM of their intent to provide such services. OFCOM maintains a public list of registered telecommunications providers. The Company has been registered with OFCOM as landline telecommunication services provider since January 1, 2001. Foreign entities that wish to offer landline telecommunications services in Switzerland are, in addition to the requirement to register, subject to bi- or multilateral conventions, and ComCom may prohibit a foreign entity from providing landline telecommunication services in Switzerland if the foreign provider's country of origin does not grant the same operational freedom to Swiss incorporated providers offering services in that particular country of origin.

A landline telecommunication services provider may base its services either on its own landline network infrastructure or on the infrastructure of other providers by means of interconnection agreements. Any provider of telecommunication services may invoke the access regime, as discussed above, to access other providers' infrastructure for the provision of its own services. Further, the infrastructure of providers that have been determined to be market dominant may be used at regulated conditions and prices.

Pursuant to the regulatory framework, landline telecommunications providers are free to set their wholesale and retail prices for landline telecommunications services, with the exception of providers that have been determined to be market dominant by OFCOM, who have to offer certain access services at (*ex-post*) regulated prices, and providers of universal services, who are subjected to *ex ante* regulation of universal services.

Currently, we do not own a landline network and provide our landline services based on a reseller agreement with VTX Services (that itself entered into a wholesale and a carrier pre-selection agreement with Swisscom). On that basis we offer broadband internet as well as landline telecommunication services (except for carrier pre-selection and interconnection services). We have so far not requested access to the local loop and our landline operations, therefore, are not subject to the regulations concerning landline telecommunications services set out above. This would change if we decided to request access to the local loop in the future.

Other Regulatory Environment

Regulation on Transmission of TV and Radio Programs

The transmission of TV and radio programs is considered a telecommunications service and is, therefore, subject to the regulations set forth in the Swiss Telecommunications Act. Accordingly, while transmissions over mobile networks require mobile licenses, no such license is required for transmissions over landline networks.

TV offerings are further subject to specific regulations pertaining to the Swiss TV and radio market and particularly the RTVG. Under the RTVG, a mobile and/or landline network operator that transmits TV and radio programs in particular needs to offer distribution to all broadcasters on a non-discriminatory basis. The RTVG further regulates the permitted contents of TV and radio, and network operators must comply with orders of the regulator (OFCOM) not to distribute prohibited content. Finally, the RTVG sets forth regulations for operators regarding content that must be carried.

Further Regulations

Telecommunications service providers are subject not only to the regulatory framework set forth in the FMG and associated ordinances, but also to a number of other laws, regulations and governmental activities that may affect their business, including antitrust law, the law against unfair competition, laws on data protection, laws on surveillance of post and telecommunications and, in case of excessive pricing by providers determined to be market dominant, general price regulation. A range of further laws are of relevance to our business, in particular laws on environment and public health, property and intellectual property, as well as laws on land use regulation and public and private construction.

MANAGEMENT

The Issuer

The Issuer is a *société en commandite par actions* formed and existing under the laws of Luxembourg and was formed to issue the Notes. The Issuer is the parent of Matterhorn Midco. The Issuer is managed by Matterhorn S.à.r.l, a limited liability company organized under the laws of Luxembourg whose managers are Geoffrey Henry and Linda Harroch as Class A Managers and Francisco Menjibar, Isabelle Probstel and Cindy Teixeira as Class B Managers. The address for each of the managers of Matterhorn S.à.r.l, is at Matterhorn Midco & Cy S.C.A., 1-3 Boulevard de la Foire, L-1528 Luxembourg.

The Company

Board of Directors

The current board of directors of the Company (the "Board") consists of the following persons: Thomas Sieber (non-executive Chairman), Gabriele Cipparrone, Rohan Haldea, Johan Andsjö (delegate board member and CEO), Salim Nathoo, Yann Leca, Bruno Ducharme and Thomas Rohde. The address for each of the directors and executive officers of Orange is Rue du Caudray 4, CH-1020 Renens, Switzerland.

Executive Officers

Set forth below is information concerning certain executive officers of Orange.

Name	Position
Mr. Johan Andsjö	Chief Executive Officer (CEO)
Mr. Yann Leca	Chief Financial Officer (CFO)
Mr. Matthias Hilpert	Chief Commercial Officer
Mr. Tonio Meier	Chief Customer Operations Officer
Mr. Markus Bütler	Chief Business Officer
Mr. Johan Hall	Chief Technology Officer
Mrs. Amelia Räss-Fernandez	Chief Human Resources Officer

Johan Andsjö has served as Chief Executive Officer of the Company since October 1, 2012. Prior to this, Mr. Andsjö was the Chief Executive Officer of the mobile operator Yoigo in Spain. He held that position since 2006 when the company was launched in Europe. Mr. Andsjö has 17 years of experience in the telecommunications industry within the Teliasonera group. He has had experience in several key senior management roles in various countries including Sweden, Spain, Brazil and the Nordic footprint. Mr. Andsjö holds a Bachelor of Science degree from the Royal Institute of Technology.

Yann Leca has served as Chief Financial Officer (CFO) of the Company since November 26, 2012. Between 1998 and November 2012, Mr. Leca was the Chief Financial Officer of Polyconcept, a promotional product company, which is a portfolio company of Investcorp and was previously owned by BC Partners. Mr. Leca has actively participated in all of the development stages of Polyconcept over the past 15 years. In January 2010, Mr. Leca was appointed Chief Executive Officer of the supplier group in charge of all the group's catalogue-based promotional products activities towards distributors. In late 2011, he was also appointed as the Chief Operating Officer of Polyconcept. He graduated from HEC Paris in 1988 and from Harvard Business School's AMP in 2012.

Matthias Hilpert serves as Chief Commercial Officer since March 2011. He has 13 years of experience in the telecommunications industry. Mr. Hilpert joined France Telecom in 2002 and held different senior positions within the Group since that date, including most recently Chief Sales Officer and VP Sales & Distribution of Orange Dominican Republic. Mr. Hilpert began his career in telecommunications with Avalas AG as CEO in 1999, before joining Vodafone Group in the United Kingdom in 2001. Mr. Hilpert graduated from the Ludwig Maximilian University of Munich (Diplom-Kaufmann/MBA equivalent), the University of Edinburgh and the Friedrich Alexander University of Erlangen Nuremberg.

Tonio Meier serves as Chief Customer Operations Officer since July 2010 and has been with the Company since 1999. He has 12 years of experience in the telecommunications industry. Before becoming VP Customer Care of the Company, he served as Director of Customer Service of the Company for two years. Mr. Meier holds a BBA from the University of Applied Sciences, Bern.

Markus Bütler serves as Chief Business Officer since July 2010 and has been with the Company since 2002. In this function he is in charge of our business customers, wholesale partners and MVNO partners. He has 25 years of experience in various industries. Prior to becoming Chief Business Officer of the Company, he held various positions within the Company since 2002, including VP Wholesale and MVNO, VP Marketing, head of Retail Channels and Sales Director. Mr. Bütler holds a Master in Marketing and Sales and a bachelor in Key Account Management from SAWI, Biel, and an E-MBA from the University of Lucerne.

Johan Hall has served as Chief Technology Officer since October 1, 2012. Prior to this, Mr. Hall was the Chief Technology Officer of Yoigo in Spain, a position he held since its launch in 2006. Prior to this, Mr. Hall was the CEO of a telecommunications provider in Sweden. Over the past 25 years, Mr. Hall has held senior management positions as well as various start up and operations roles with Millicom International Cellular, Deutsche Telekom and TeliaSonera.

Amelia Räss-Fernandez has served as Chief Human Resources Officer of the Company since September 1, 2012. Prior to this, Ms. Räss was Chief of Staff of the Group's HR Chief Operating Officer at Zurich Financial Services and Head of Global HRIT Business Integration. Between 2000 and 2007 Ms. Räss worked for Pricewaterhousecoopers as Senior Managing Consultant and Executive Search Manager. Ms. Räss holds an executive MBA from the University of Zurich, a postgraduate degree in Human Resources Management from the University of Manchester and a Bachelor equivalent degree from the Translators' School of Buenos Aires.

Board of Directors' Practices

The board is entrusted with the ultimate direction of the Company, as well as the supervision and control of the management. In connection with these functions, the articles of association and the organizational regulations set forth specific duties assigned to the board. The board has historically convened approximately two times per year or as required. In 2012, the board convened three times and to date, in 2013, the board has convened once. Meetings may also be called upon the request of any member of the board indicating the items and the proposals to be submitted. Board meetings require distribution of notice and an agenda at least ten business days in advance. With assent of at least two thirds of all members of the board, the board may waive notice of all or any agenda items. Resolutions may also be passed by circular resolution, unless a member of the board demands a verbal consultation at a meeting. Majority vote is required to pass a resolution. The Board elects the chairman and may elect one or more deputy chairman. In case the CEO is a member of the board of directors, the CEO shall also carry the title of a delegate of the board of directors. The ordinary term of office for the members of the board of directors is one year. A re-election is possible.

Compensation of Directors and Executive Officers

The total remuneration of directors and executive officers for the year ended December 31, 2012 was CHF 4.6 million.

Incentive Plans

Since the Completion Date, employees of the Company have no longer been able to benefit from the France Telecom Stock Option Plan and the Orange International Share Option Plan. For the existing stock option plans, the exercise period for the relevant options has been accelerated, due to the change of control as a result of the Acquisition.

Our employees have participated in bonus and/or sales incentive schemes, as set forth in our personnel regulations, which form a part of our employment contracts. The bonus entitlement of individual employees is based on the performance of the Company and on the individual performance and behavior of the individual employee. We expect to have comparable bonus and/or sales incentive schemes in place in the future.

From July 2012 onwards, Apax entered into a shareholders' agreement with members of management that strives to align the interests of management and the shareholders and contains customary leaver provisions, drag-along and tag-along rights, preemptive rights with respect to the issue of new equity securities, exit provisions and transfer restrictions.

PRINCIPAL SHAREHOLDER

Orange is wholly owned by MM, which is wholly owned by MMH, which is wholly owned by Matterhorn Midco, which is wholly owned by the Issuer, which is wholly owned (through one or more holding entities) by Apax.

Apax Partners LLP is one of the world's leading private equity firms. It operates across the Americas, Europe and Asia and has more than 30 years of investing experience. Funds currently advised by Apax Partners LLP total more than €26 billion. These funds provide long-term equity financing to build and strengthen world-class companies. Funds advised by Apax Partners LLP invest in companies across its global sectors of Financial & Business Services, Tech & Telecom, Retail & Consumer, Media, and Healthcare..

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Apax Service Agreement

On February 29, 2012, MMH and MM entered into an agreement with Apax in connection with the Acquisition, which provides for the payment by MMH and MM or their direct or indirect subsidiaries of annual services fees of up to CHF 2.4 million in the aggregate to Apax Europe VII GP Co. Limited in consideration for the provision of certain consulting services to the Group. Fees of CHF 24 million in the aggregate were paid by Matterhorn Midco and its subsidiaries to Apax Europe VII GP Co. Limited in consideration for the services provided by Apax in connection with the Acquisition and further fees of CHF 1.9 million have been paid by MM to Apax Europe VII GP Co. Limited in consideration for the services provided by Apax in connection with the issue of the Existing Senior Unsecured Notes. In addition, fees of CHF 3.0 million will be paid by the Issuer to Apax Europe VII GP Co. Limited in consideration for the services provided by Apax in connection with the Transactions.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following summary of certain provisions of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

Revolving Credit Facility

Overview and Structure

On September 11, 2012 (the "Closing Date"), MMH and certain of its subsidiaries (including MM) entered into a new CHF 100 million super senior revolving credit facility agreement, as amended from time to time (the "Revolving Credit Facility Agreement") with, among others, UBS AG, London Branch, as facility agent and security agent, and Citigroup Global Markets Limited, Credit Suisse International, Deutsche Bank AG, London Branch, J.P. Morgan Limited, Morgan Stanley Bank International Limited and UBS Limited, as arrangers.

The Revolving Credit Facility may be utilized by any current or future borrower under the Revolving Credit Facility Agreement in CHF, Euros, U.S. Dollars, Sterling or any other readily available or agreed currency by the drawing of cash advances or the issue of letters of credit and ancillary facilities. The Revolving Credit Facility may be used for financing or refinancing the Group's working capital and/or general corporate purposes. The Issuer is not a party to the Revolving Credit Facility, and it may not be used to make payments on the Notes.

In addition, MMH may elect to request additional facilities either as a new facility or as additional tranches of the Revolving Credit Facility (the "Additional Facility Commitments"). The total amount of indebtedness (including under the Revolving Credit Facility and any Additional Facility Commitments but excluding any arising under certain hedging arrangements) secured by the Collateral that can have "super priority" status shall not exceed the greater of CHF 110 million and 0.4 multiplied by Consolidated EBITDA (measured at the time of the commitment of such indebtedness). MMH and the lenders may agree to certain terms in relation to the Additional Facility Commitments, including the margin and the termination date (each subject to parameters as set out in the Revolving Credit Facility Agreement) and the availability period.

The Revolving Credit Facility may be utilized until the date falling one month prior to the termination date of the Revolving Credit Facility.

Interest and Fees

Loans under the Revolving Credit Facility Agreement will initially bear interest at rates *per annum* equal to LIBOR or, for loans denominated in euro, Euribor, plus certain mandatory costs, if any, plus a margin of 3.50% per annum. The margin on the loans are subject to reduction if certain leverage ratios are met. The margin on any loans under an Additional Facility Commitment will be agreed between MMH and the relevant lenders.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Closing Date to the end of the availability period for the Revolving Credit Facility at a rate of 40% of the applicable margin for the Revolving Credit Facility. The commitment fee is payable quarterly in arrears, on the last date of availability of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment.

Default interest is calculated as an additional 1% on the overdue amount.

MMH is also required to pay customary agency fees to the facility agent and the security agent in connection with the Revolving Credit Facility.

Repayments

Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility will be repaid on September 11, 2018. The termination date for a facility under an Additional Facility Commitment is the date agreed between MMH and the relevant lenders. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed during the availability period for that facility, subject to certain conditions.

Mandatory Prepayment

The Revolving Credit Facility Agreement allows for voluntary prepayments (subject to *de minimis* amounts). The Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender upon a Change of Control. The Revolving Credit Facility

Agreement also requires MMH to make an offer to prepay the Revolving Credit Facility with the net cash proceeds received by the Group from certain disposals of assets, to the extent that such net cash proceeds exceed certain agreed thresholds and have not been applied for other permitted purposes.

Guarantees

Each of MMH, MM, Orange and Orange Network have provided a senior guarantee limited by applicable Swiss and Luxembourg law of all amounts payable to the finance parties under the Revolving Credit Facility Agreement and the hedging banks under any secured hedging agreements.

The Revolving Credit Facility Agreement requires that (subject to agreed security principles) each subsidiary of MMH incorporated in Luxembourg or Switzerland that is or becomes a Material Company (which definition includes, among other things, any member of the Group that has earnings before interest, tax, depreciation and amortization representing 5% or more of Consolidated EBITDA or total assets representing 5% or more of the total assets of the Group) following the Closing Date will be required to become a guarantor under the Revolving Credit Facility Agreement.

Furthermore, if on the last day of a financial year of MMH, the guarantors represent less than 80% of each of the consolidated EBITDA or the total assets of MMH and its restricted subsidiaries (subject to certain exceptions), within 60 business days of delivery of the annual financial statements for the relevant financial year, such other restricted subsidiaries of MMH (subject to agreed security principles) are required to become additional guarantors until the requirement is satisfied (to be calculated as if such additional guarantors had been guarantors on such last day of the relevant financial year).

Security

The Revolving Credit Facility is secured (subject to agreed security principles) by the same Collateral as the Existing Senior Secured Notes.

In addition, any Material Company or other member of the Group which becomes a guarantor of the Revolving Credit Facility is required (subject to agreed security principles) to grant security over its material assets in favor of the security agent under the Revolving Credit Facility.

Representations and Warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status and incorporation, binding obligations, non-conflict with constitutional documents, laws or other obligations, power and authority, authorizations, consents and filings and no default.

Covenants

The Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments) that are set forth in the Existing Senior Secured Notes Indenture. In addition, the Revolving Credit Facility Agreement contains a financial covenant (see *"—Financial Covenant"*).

The Revolving Credit Facility Agreement also contains a "notes purchase condition" covenant. Subject to certain exceptions set out in the Revolving Credit Facility Agreement, MMH may not, and shall procure that no other member of the Group will, repay, prepay, purchase, defease, redeem or otherwise acquire or retire the principal amount of the Existing Senior Secured Notes, the Existing Senior Notes (or, in each case, any replacement or refinancing thereof as permitted under the Revolving Credit Facility Agreement from time to time) prior to its scheduled repayment date in any manner which involves the payment of cash consideration of the Group to a person which is not a member of the Group. The exceptions to such covenant include (among other things) payments that do not exceed 50% of the aggregate original principal amount of the Existing Senior Secured Notes or 50% of the aggregate original principal amount of the Existing Senior Notes, in each case, in existence as of the Closing Date or incurred at any time after the Closing Date.

The Revolving Credit Facility Agreement also requires certain members of the Group to observe certain affirmative covenants, including covenants relating to:

- maintenance of guarantor and security coverage and further assurances;
- maintenance of insurance;
- maintenance of *pari passu* ranking of the Revolving Credit Facility; and
- maintenance of intellectual property.

Certain of the covenants under the Revolving Credit Facility Agreement will be suspended upon (i) a public offering of MMH or certain of its holding companies and an achievement of a leverage ratio equal to or less than 2.50:1 (*pro forma* for any prepayment of certain indebtedness from the proceeds of such public offering) or (ii) an achievement by MM (or any of its affiliates) of a long-term corporate credit rating of Baa3/BBB- or better by Moody's or S&P.

The Revolving Credit Facility contains an information covenant under which, among other things, MMH is required to deliver to the facility agent annual financial statements, quarterly financial statements, compliance certificates and an annual budget.

Financial Covenant

The Revolving Credit Facility Agreement will require MMH to comply with a Leverage Ratio (ratio of Consolidated Net Indebtedness at such date to Consolidated EBITDA for the period of the most recent four consecutive financial quarters). The covenant will be tested quarterly.

The Leverage Ratio for any relevant period shall not exceed the ratio set out in Column 2 opposite such date.

Column 1	**Column 2**
Relevant Period expiring on or about:	**Ratio**
30 September 2013	7.20:1
31 December 2013	7.10:1
31 March 2014	7.00:1
30 June 2014	6.90:1
30 September 2014	6.80:1
31 December 2014	6.60:1
31 March 2015	6.40:1
30 June 2015	6.20:1
30 September 2015	6.00:1
31 December 2015	5.70:1
31 March 2016	5.50:1
30 June 2016	5.25:1
Each Quarter Date thereafter	5.25:1

MMH is permitted to prevent or cure breaches of the Leverage Ratio by applying any cure amount (being amounts received by MMH in cash pursuant to any new equity or permitted subordinated debt) as if Consolidated Net Indebtedness had been reduced by such amount. There is no requirement to apply any cure amount in prepayment of the Revolving Credit Facility. No more than 3 cure amounts may be taken into account during the term of the Revolving Credit Facility and cure amounts in successive financial quarters will not be permitted.

Events of Default

The Revolving Credit Facility contains events of default, with certain adjustments, as those applicable to the Notes as set forth in the section entitled "*Description of the Notes—Events of Default*." In addition, the Revolving Credit Facility contains the following events of default:

- breach of the financial covenant;
- inaccuracy of a representation or statement when made; and
- unlawfulness, repudiation, rescission, invalidity or unenforceability of the finance documents entered into in connection with the Revolving Credit Facility.

Cross-Currency Swaps and Certain Other Hedging Arrangements

On February 21, 2012, MM entered into certain hedging arrangements designed to fix a portion of the exchange rates with respect to the Existing Senior Notes and interest rates and exchange rates with respect to the

Existing Euro Floating Rate Senior Secured Notes, which had an aggregate mark-to-market gain of CHF 2.0 million as of December 31, 2012. In addition, in connection with the Transactions, we may enter into additional interest rate hedging arrangements.

Existing Senior Unsecured Notes

Overview

On October 1, 2012, Matterhorn Midco issued €155 million aggregate principal amount of the Existing Senior Unsecured Notes due 2020, which remain outstanding as of the date of this Offering Memorandum.

Interest Rate

The Existing Senior Unsecured Notes accrue interest at the rate of 7.75% per annum and mature on February 15, 2020. Interest on the Existing Senior Unsecured Notes is payable in arrears on May 15 and November 15 of each year, and the initial interest payment was made on November 15, 2012. Interest on the Existing Senior Unsecured Notes accrued from the issue date of such notes.

Prepayments and Redemptions

The Existing Senior Unsecured Notes may be redeemed in whole or in part on or after February 15, 2016, at established redemption prices plus accrued and unpaid interest to the redemption date. Prior to February 15, 2016, the Existing Senior Unsecured Notes may be redeemed in whole or in part at a price equal to 100% of the principal amount of the Existing Senior Unsecured Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium.

Prior to February 15, 2015, Matterhorn Midco will be entitled at its option on one or more occasions to redeem the Existing Senior Unsecured Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Existing Senior Unsecured Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 107.75% of the principal amount outstanding in respect of the Existing Senior Unsecured Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the aggregate principal amount of the Existing Senior Unsecured Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the closing date of the relevant equity offering.

At any time on or after February 10, 2013, but on or prior to the February 10, 2015, Matterhorn Midco may, at its option, following completion of certain exchange transactions, redeem all, but not less than all, of the Existing Senior Unsecured Notes at established redemption prices plus accrued and unpaid interest to the redemption date.

In the event of certain developments affecting taxation or certain other circumstances, the Existing Senior Unsecured Notes may also be redeemed in whole, but not in part, at any time, at a redemption price of 100% of the principal amount of the Existing Senior Unsecured Notes plus accrued and unpaid interest and additional amounts to the date of redemption.

Upon the occurrence of certain events defined as constituting a specified change of control event, Matterhorn Midco may be required to offer to repurchase the Existing Senior Unsecured Notes at 101% of their principal amount, plus accrued and unpaid interest to the date of purchase. A specified change of control event will not be deemed to have occurred if certain consolidated leverage ratios are not exceeded as a result of such event.

Guarantees

The Existing Senior Unsecured Notes are guaranteed on a senior unsecured basis by MMH, as limited by applicable Luxembourg law.

Ranking

The Existing Senior Unsecured Notes are senior unsecured obligations of Matterhorn Midco and:

- are general, senior unsecured obligations of Matterhorn Midco;
- rank *pari passu* in right of payment with all of Matterhorn Midco's existing and future senior indebtedness;
- rank senior in right of payment to all existing and future subordinated indebtedness of Matterhorn Midco;

- are effectively subordinated to all of Matterhorn Midco's existing and future indebtedness that is secured, to the extent of the value of the property and assets securing such indebtedness; and
- are effectively subordinated to any existing and future indebtedness of Matterhorn Midco's subsidiaries that do not guarantee the Existing Senior Unsecured Notes.

Certain Covenants and Events of Default

The indenture governing the Existing Senior Unsecured Notes contains a number of covenants that, among other things, restricts, subject to certain exceptions, the ability of Matterhorn Midco and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of Matterhorn Midco or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to Matterhorn Midco or any of its restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities; and
- consolidate or merge with other entities.

Each of these covenants is subject to significant exceptions and qualifications.

In addition, the indenture governing the Existing Senior Unsecured Notes imposes certain requirements as to future subsidiary guarantors. The indenture governing the Existing Senior Unsecured Notes also contains certain customary events of default. Further, the Existing Senior Unsecured Notes are subject to the provisions of the Intercreditor Agreement.

Existing Senior Notes

Overview

On February 10, 2012, MMH issued €225 million aggregate principal amount of the Existing Senior Notes due 2020, which remain outstanding as of the date of this Offering Memorandum.

Interest Rate

The Existing Senior Notes accrue interest at the rate of 8.25% per annum and mature on February 15, 2020. Interest on the Existing Senior Notes is payable in arrears on February 15 and August 15 of each year, and the initial interest payment was made on August 15, 2012. Interest on the Existing Senior Notes accrued from the issue date of such notes.

Prepayments and Redemptions

The Existing Senior Notes may be redeemed in whole or in part on or after February 15, 2016, at established redemption prices plus accrued and unpaid interest to the redemption date. Prior to February 15, 2016, the Existing Senior Notes may be redeemed in whole or in part at a price equal to 100% of the principal amount of the Existing Senior Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium.

Prior to February 15, 2015, MMH will be entitled at its option on one or more occasions to redeem the Existing Senior Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Existing Senior Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 108.25% of the principal amount outstanding in respect of the Existing Senior Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the aggregate principal amount of the Existing Senior

Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the closing date of the relevant equity offering.

At any time on or after February 10, 2013, but on or prior to the February 10, 2015, MMH may, at its option, following completion of certain exchange transactions, redeem all, but not less than all, of the Existing Senior Notes at established redemption prices plus accrued and unpaid interest to the redemption date.

In the event of certain developments affecting taxation or certain other circumstances, the Existing Senior Notes may also be redeemed in whole, but not in part, at any time, at a redemption price of 100% of the principal amount of the Existing Senior Notes plus accrued and unpaid interest and additional amounts to the date of redemption.

Upon the occurrence of certain events defined as constituting a specified change of control event, MMH may be required to offer to repurchase the Existing Senior Notes at 101% of their principal amount, plus accrued and unpaid interest to the date of purchase. A specified change of control event will not be deemed to have occurred if certain consolidated leverage ratios are not exceeded as a result of such event.

Guarantees and Security

The Existing Senior Notes are senior obligations of MMH and are guaranteed on a senior subordinated basis by MM, Orange and Orange Network, as limited by applicable Swiss and Luxembourg law.

The Existing Senior Notes are secured on a second priority basis (subject to the operation of the Agreed Security Principles, certain perfection requirements, any permitted collateral liens as defined in the Existing Senior Notes Indenture and applicable Swiss and Luxembourg law) over shares of capital stock of MM and loans made by MMH to MM, including the MMH Profit Participating Loan.

Ranking

The Existing Senior Notes are senior obligations of MMH and:

- are general, senior obligations of MMH, secured as set forth above under "—*Guarantees and Security*;"
- rank *pari passu* in right of payment with all of MMH's existing and future senior indebtedness, including the guarantee given by MMH in favor of the Existing Senior Secured Notes and the Revolving Credit Facility;
- rank senior in right of payment to all existing and future subordinated indebtedness of MMH;
- are effectively senior to all of MMH's existing and future indebtedness that is unsecured, including the Notes offered hereby;
- are effectively subordinated to any existing and future indebtedness of MMH that is secured by property or assets that do not secure the Existing Senior Notes on an equal basis, to the extent of the value of the property or assets securing such indebtedness, including the guarantees given by MMH in favor of the Revolving Credit Facility, the Existing Senior Secured Notes and any hedging obligations in respect of the Existing CHF Floating Rate Senior Secured Notes, the Existing Senior Secured Notes and the Existing Senior Notes; and
- are effectively subordinated to any existing and future indebtedness of subsidiaries of MMH that do not guarantee the Existing Senior Notes.

The Existing Senior Notes are subject to the terms of the Intercreditor Agreement, including, subject to certain exceptions, payment blockage upon a senior default and certain limitations on enforcement actions with respect to MMH.

Certain Covenants and Events of Default

The indenture governing the Existing Senior Notes contains a number of covenants that, among other things, restricts, subject to certain exceptions, the ability of MMH and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- layer debt of the Existing Senior Notes guarantors;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of MMH or its restricted subsidiaries;

- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to MMH or any of its restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Existing Senior Notes; and
- amend certain documents.

Each of these covenants is subject to significant exceptions and qualifications.

In addition, the indenture governing the Existing Senior Notes imposes certain requirements as to future subsidiary guarantors. The indenture governing the Existing Senior Notes also contains certain customary events of default. Further, the Existing Senior Notes are subject to the provisions of the Intercreditor Agreement.

Existing Senior Secured Notes

Overview

On February 10, 2012, MM issued CHF 450 million aggregate principal amount of the Existing Fixed Rate Senior Secured Notes due 2019 and €150 million aggregate principal amount of the Existing Euro Floating Rate Senior Secured Notes due 2019, and on February 16, 2012, MM issued €180 million aggregate principal amount of the Existing Euro Floating Rate Senior Secured Notes due 2019, all of which remain outstanding as of the date of this Offering Memorandum. On September 11, 2012, MM issued CHF 180 million aggregate principal amount of the Existing CHF Floating Rate Senior Secured Notes due 2019, which remain outstanding as of the date of this Offering Memorandum.

Interest Rate

The Existing Fixed Rate Senior Secured Notes accrue interest at the rate of 6.75% per annum and mature on May 15, 2019. Interest on the Existing Fixed Rate Senior Secured Notes is payable in arrears on February 15 and August 15 of each year, and the initial interest payment was made on August 15, 2012. Interest on the Existing Fixed Rate Senior Secured Notes accrues from the issue date of such notes.

The Existing Euro Floating Rate Senior Secured Notes accrue interest at a rate equal to three-month EURIBOR plus 5.25% (as determined by the calculation agent) per annum and mature on May 15, 2019. Interest on the Existing Euro Floating Rate Senior Secured Notes is payable on February 15, May 15, August 15, and November 15 of each year, and the initial interest payment was made on May 15, 2012. Interest on the Existing Euro Floating Rate Senior Secured Notes accrues from the issue date of such notes.

The Existing CHF Floating Rate Senior Secured Notes accrue interest at a rate equal to three-month CHF LIBOR plus 5.375% (as determined by the calculation agent) per annum and mature on May 15, 2019. Interest on the Existing CHF Floating Rate Senior Secured Notes is payable on February 15, May 15, August 15, and November 15 of each year, and the initial interest payment was made on November 15, 2012. Interest on the Existing CHF Floating Rate Senior Secured Notes accrues from the issue date of such notes.

Prepayments and Redemptions

The Existing Fixed Rate Senior Secured Notes may be redeemed in whole or in part on or after February 15, 2015, at established redemption prices plus accrued and unpaid interest to the redemption date. Prior to February 15, 2015, the Existing Fixed Rate Senior Secured Notes may be redeemed in whole or in part at a price equal to 100% of the principal amount of the Existing Fixed Rate Senior Secured Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium.

The Existing Euro Floating Rate Senior Secured Notes may be redeemed in whole or in part on or after February 15, 2013, at established redemption prices plus accrued and unpaid interest to the redemption date. Prior to February 15, 2013, the Existing Euro Floating Rate Senior Secured Notes may be redeemed in whole or in part at a price equal to 100% of the principal amount of the Existing Euro Floating Rate Senior Secured Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium.

The Existing CHF Floating Rate Senior Secured Notes may be redeemed in whole or in part on or after February 15, 2013, at established redemption prices plus accrued and unpaid interest to the redemption date. Prior to February 15, 2013, the Existing CHF Floating Rate Senior Secured Notes may be redeemed in whole or in part at a price equal to 100% of the principal amount of the Existing CHF Floating Rate Senior Secured Notes redeemed plus accrued and unpaid interest to the redemption date and a make-whole premium.

In the event of certain developments affecting taxation or certain other circumstances, the Existing Senior Secured Notes may also be redeemed in whole, but not in part, at any time, at a redemption price of 100% of the principal amount of the Existing Senior Secured Notes plus accrued and unpaid interest and additional amounts to the date of redemption.

Upon the occurrence of certain events defined as constituting a "Change of Control" (as such term is defined in the Existing Senior Secured Notes Indenture and in Existing CHF Floating Rate Note Senior Secured Notes Indenture), MM is required to offer to repurchase the Existing Senior Secured Notes at 101% of their principal amount, plus accrued and unpaid interest to the date of purchase. A specified change of control event will not be deemed to have occurred if certain consolidated leverage ratios are not exceeded as a result of such event.

Guarantees and Security

The Existing Senior Secured Notes are guaranteed on a senior basis by MMH, Orange and Orange Network, as limited by applicable Swiss and Luxembourg law.

The Existing CHF Floating Rate Senior Secured Notes are secured on a first priority basis (subject to the operation of the Agreed Security Principles, certain perfection requirements and any permitted collateral liens as defined in the Existing CHF Floating Rate Senior Secured Notes Indenture) over shares of capital stock of each of Orange, MM and Orange Network, certain bank accounts, loans made by MMH to MM and by MM to Orange, including the Profit Participating Loans, rights of MM under the documents governing the Acquisition, intra-group receivables owed to Orange by a member of the Group and inter-group receivables owed to Orange Network by a member of the Group; *provided* that lenders under the Revolving Credit Facility and counterparties to hedging obligations will receive proceeds from the enforcement of the security described above in priority to holders of the Existing CHF Floating Rate Senior Secured Notes

The Existing Fixed Rate Senior Secured Notes and the Existing Euro Floating Rate Senior Secured Notes are secured on a first priority basis (subject to the operation of the Agreed Security Principles, certain perfection requirements and any permitted collateral liens as defined in the Existing Senior Secured Notes Indenture) over the same assets that secure the Existing CHF Floating Rate Senior Secured Notes and the Revolving Credit Facility; *provided* that lenders under the Revolving Credit Facility and counterparties to hedging obligations will receive proceeds from the enforcement of the security described above in priority to holders of the Existing Senior Secured Notes.

Ranking

The Existing Senior Secured Notes:

- are general, senior obligations of MM, secured as set forth above under "—*Guarantees and Security*;"
- rank *pari passu* in right of payment with all of MM's existing and future senior indebtedness;
- rank senior in right of payment to all existing and future subordinated indebtedness of MM, including the guarantee given by MM in favor of the Existing Senior Notes;
- are effectively senior to all of MM's existing and future indebtedness that is unsecured, or secured on a basis junior to the security granted in respect of the Existing Senior Secured Notes, in each case to the extent of the assets securing the Existing Senior Secured Notes;
- are effectively subordinated to any existing and future indebtedness of MM that is secured by property or assets that do not secure the Existing Senior Secured Notes, to the extent of the value of the property or assets securing such indebtedness;
- are effectively junior to any existing and future indebtedness of MM that will receive proceeds from any enforcement action over the collateral securing the Existing Senior Secured Notes on a priority basis, including indebtedness under the Revolving Credit Facility and hedging obligations, including hedging obligations in respect of the Revolving Credit Facility, the Existing Senior Secured Notes, the Existing Senior Notes, any hedging obligations entered into in connection with the Existing Senior Secured Notes or the Notes, and certain other future indebtedness; and

- are effectively subordinated to any existing and future indebtedness of subsidiaries of MM that do not guarantee the Existing Senior Secured Notes.

Certain Covenants and Events of Default

The Existing Senior Secured Notes Indenture contains a number of covenants that, among other things, restricts, subject to certain exceptions, the ability of MMH and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the relevant Issuer or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Issuer or any of its respective restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

Each of these covenants is subject to significant exceptions and qualifications.

In addition, the indenture governing the Existing Senior Secured Notes imposes certain requirements as to future subsidiary guarantors. The Existing Senior Secured Notes Indenture also contains certain customary events of default. Further, the Existing Senior Secured Notes are subject to the provisions of the Intercreditor Agreement.

The Existing CHF Floating Rate Senior Secured Notes Indenture contains a number of covenants that, among other things, restricts, subject to certain exceptions, the ability of MMH and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of MM or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to MM or any of its respective restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

Each of these covenants is subject to significant exceptions and qualifications.

In addition, the indenture governing the Existing CHF Floating Rate Senior Secured Notes imposes certain requirements as to future subsidiary guarantors. The Existing CHF Floating Rate Senior Secured Notes Indenture also contains certain customary events of default. Further, the Existing CHF Floating Rate Senior Secured Notes are subject to the provisions of the Intercreditor Agreement.

Profit Participating Loans

On the Completion Date, MMH loaned to MM, pursuant to a profit participating loan, the net proceeds of the issuance of the Existing Senior Notes (the "MMH Profit Participating Loan"). On the same date, a portion of the proceeds of drawings under the Senior Facilities Agreement (as defined in the Intercreditor Agreement to mean the Revolving Credit Facility Agreement) and of the equity contribution made in connection with the Acquisition was on-loaned from MM to Orange pursuant to two profit participating loans. In addition, since the Completion Date, a further profit participating loan was entered into between MM, as lender, and Orange, as borrower and on September 3, 2012, the three profit participating loans between MM and Orange were consolidated into one profit participating facility (together, the "MM Profit Participating Loan").

Funds received by MM from Orange as payments of interest under the MM Profit Participating Loan are used to service interest payments under the Existing Senior Secured Notes and similarly may also be used to service interest payments under the Notes. Such funds are also used to service interest payments on the MMH Profit Participating Loan owed by MM to MMH, such that MMH in turn receives funds for the purpose of making interest payments on the Existing Senior Notes.

As the Profit Participating Loans do not bear interest at a rate identical to that of the Existing Senior Secured Notes or the Existing Senior Notes, Orange and MM may in addition upstream further funds as needed by their respective parents, including to make interest payments on the Existing Senior Secured Notes and the Existing Senior Notes, as the case may be, by means of dividends or loans or by the repayment of principal under the Profit Participating Loans.

Intercreditor Agreement

The Trustee under the Indenture will not accede to the Intercreditor Agreement. Accordingly, the Notes will not be subject to, and will not benefit from, the Intercreditor Agreement.

General

To establish the relative rights of certain of our creditors under our financing arrangements, MM (the "Company"), the Senior Notes Issuer ("Parent"), Orange and Orange Network and any other entity which accedes to the Intercreditor Agreement as a debtor (together the "Debtors") have entered into the Intercreditor Agreement dated January 30, 2012 and amended on February 3, 2012 and February 21, 2012, with, among others, the Security Agent, the lenders under our Senior Facilities Agreement and the senior agent under our Senior Facilities Agreement (the "Senior Facility Agent"). The Senior Notes Trustee and the Senior Parent Notes Trustee acceded to the Intercreditor Agreement on February 10, 2012. The Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

Capitalized terms set forth and used in this section entitled "—*Intercreditor Agreement*" have the same meanings as set forth in the Intercreditor Agreement (as amended and restated), which may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum. In particular, in this section, the term "Senior Notes" means the Existing Senior Secured Notes and the term "Senior Parent Notes" means the Existing Senior Notes (as defined elsewhere in this Offering Memorandum) issued by Matterhorn Mobile Holdings S.A.

Amendments to Intercreditor Agreement

On September 11, 2012, the Intercreditor Agreement was further amended by an amendment and restatement agreement between, among others, the Parent, the Company and the Security Agent (the "ICA Amendment Agreement"). The amendments under the ICA Amendment Agreement did not require the consent of the holders of the Senior Secured Notes. The key effects of the amendments to the Intercreditor Agreement were to:

- provide that the definition of Senior Facilities Agreement shall refer to the Revolving Credit Facility Agreement;

- provide that the Revolving Credit Facility and any Hedging Liabilities shall have "super priority" status with respect to the recovered proceeds from the enforcement of Transaction Security;
- set forth the rights of the Senior Secured Creditors with respect to instructing the enforcement of Transaction Security, including the definition of Instructing Group, which
  - prior to the discharge of the Revolving Credit Facility, is amended to be either (i) holders of more than 66-⅔% of the outstanding Senior Notes (which term refers to the Notes and the Existing Senior Secured Notes) or (ii) holders of more than 66-⅔% of the commitments under the Revolving Credit Facility and Hedging Liabilities;
  - following the discharge of the Revolving Credit Facility, is amended to be holders of more than 66-⅔% of the outstanding Senior Notes and the Hedging Liabilities;
- provide for a consultation period of 30 days between agents representing creditors including the holders of the Senior Notes and the lenders under the Revolving Credit Facility (and, if applicable, any Hedge Counterparty) prior to the enforcement of Transaction Security (subject to customary "override" provisions if necessary to protect or preserve their interests as creditors);
- provide that in the event of conflicting instructions as to the enforcement of the Transaction Security, the instructions of the holders of the Senior Notes will prevail over the instructions of the holders of the commitments under the Revolving Credit Facility and the Hedging Liabilities, unless:
- the Revolving Credit Facility and the Hedging Liabilities have not been repaid within six months after the end of the consultation period; or
- no enforcement action has been taken within three months after the end of the consultation period; or
- an Insolvency Event has occurred and the Security Agent has not commenced enforcement actions at that time.

The foregoing summary of the amendments to the Intercreditor Agreement does not contain all the information regarding such amendments. Further information regarding the amendments to the Intercreditor Agreement is outlined under the sections entitled "*—Order of Application*," "*Ranking and Priority—Option to Purchase: Senior Secured Creditors*" and "*—Consultation Period*."

Definitions:

The following defined terms are used in this summary of the Intercreditor Agreement:

"Hedge Counterparty" means any person that executes or accedes to the Intercreditor Agreement as a Hedge Counterparty.

"Permitted Parent Financing Agreement" means, in relation to any Permitted Parent Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Parent Financing Debt is made available or, as the case may be, issued.

"Permitted Parent Financing Creditors" means, in relation to any Permitted Parent Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Parent Financing Debt from time to time (including the applicable Senior Parent Creditor Representative).

"Permitted Parent Financing Debt" means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Parent in writing as indebtedness to be treated as "Permitted Parent Financing Debt" for the purposes of the Intercreditor Agreement, provided that (a) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (b) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Parent Financing Debt have agreed to become a party to the Intercreditor Agreement in each case unless already a party in that capacity.

"Permitted Parent Financing Documents" means, in relation to any Permitted Parent Financing Debt, the Permitted Parent Financing Agreement, any fee letter entered into under or in connection with the Permitted Parent Financing Agreement and any other document or instrument relating to that Permitted Parent Financing Debt and designated as such by the Parent and the Senior Parent Creditor Representative in respect of that Permitted Parent Financing Debt.

"Permitted Parent Financing Liabilities" means all liabilities of any Debtor to any Permitted Parent Financing Creditors under or in connection with the Permitted Parent Financing Documents.

“Permitted Senior Financing Agreement” means, in relation to any Permitted Senior Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Senior Financing Debt is made available or, as the case may be, issued.

“Permitted Senior Financing Creditors” means, in relation to any Permitted Senior Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Senior Financing Debt from time to time (including the applicable Senior Creditor Representative).

“Permitted Senior Financing Debt” means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Parent in writing as indebtedness to be treated as “Permitted Senior Financing Debt” for the purposes of the Intercreditor Agreement provided that (a) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (b) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Senior Financing Debt have agreed to become a party to the Intercreditor Agreement in each case to the extent not already a party in that capacity.

“Permitted Senior Financing Documents” means, in relation to any Permitted Senior Financing Debt, the Permitted Senior Financing Agreement, any fee letter entered into under or in connection with the Permitted Senior Financing Agreement and any other document or instrument relating to that Permitted Senior Financing Debt and designated as such by the Parent and the Senior Creditor Representative under that Permitted Senior Financing Debt.

“Permitted Senior Financing Liabilities” means all liabilities of any Debtor to any Permitted Senior Financing Creditors under or in connection with the Permitted Senior Financing Documents.

“Senior Creditors” means the Senior Lenders and the Hedge Counterparties.

“Senior Creditor Representative” means in relation to any Permitted Senior Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Senior Financing Debt.

“Senior Parent Creditors” means the Senior Parent Note holders, each trustee under any issue of such Senior Parent Notes and any Permitted Parent Financing Creditors.

“Senior Parent Creditor Representative” means in relation to any Permitted Parent Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Parent Financing Debt.

Debt Refinancing

The Intercreditor Agreement permits any of the liabilities under the debt documents to be refinanced, replaced, increased or otherwise restructured in whole or in part including by way of Permitted Senior Financing Debt and/or Permitted Parent Financing Debt or the issue of additional Senior Notes and/or Senior Parent Notes and the introduction of a super senior revolving credit facility (the “Priority Revolving Facility”) (each a, “Debt Refinancing”). Each party to the Intercreditor Agreement shall be required to enter into any amendment to or replacement of the then current Secured Debt Documents and/or take such other action as is required by the Parent in order to facilitate such a Debt Refinancing including changes to, the taking of, or release and retake of any guarantee or security, subject to certain conditions. At the option of the Parent, a Debt Refinancing may be made available on a basis which is senior to, *pari passu* with or junior to any of the other liabilities, shall be entitled to benefit from all or any of the security, may be made available on a secured or unsecured basis (subject to certain restrictions) and may be effected in whole or in part by way of a debt exchange, non-cash rollover or other similar or equivalent transaction, in each case unless otherwise prohibited by the Debt Financing Agreements. Under the terms of the Intercreditor Agreement each agent, each Secured Party and each Primary Creditor agrees that it shall co-operate with the Parent, each other member of the Group and each agent in order to facilitate any Debt Refinancing (including by way of, at the request and cost of the Parent, executing any document or agreement and/or giving instructions to any person). In the event of any refinancing or replacement of all or any part of the Senior Lender Liabilities (or any such refinancing or replacement indebtedness from time to time), the Parent shall be entitled to require that the definition of Instructing Group is amended such that the relevant refinancing or replacement indebtedness is treated in the same manner as the Senior Facilities (meaning that for the purpose of calculating the voting entitlement of any person, at the option of the Parent all or any part of the relevant refinancing or replacement indebtedness may be treated as Senior Secured Credit Participations of the Senior Creditors and not Senior Notes/Permitted Financing Credit Participations). In the event that any Priority Revolving Facility becomes subject to the provisions of the Intercreditor Agreement, the Parent shall be entitled to require that all or any part of the liabilities in relation to Hedging Liabilities (as defined in the Intercreditor Agreement) shall rank in right and priority of payment *pari passu* with that Priority Revolving Facility (which, for the avoidance of doubt, may result in such Hedging Liabilities ranking ahead of the Senior

Notes liabilities and/or the Senior Parent Notes liabilities), and/or the Permitted Senior Financing Liabilities and/or the Permitted Parent Financing Liabilities in each case unless otherwise prohibited by the Debt Financing Agreements.

Any Priority Revolving Facility implemented pursuant to a Debt Refinancing shall comply with, amongst others, the following limitations:

Ranking of a Debt Refinancing

No liabilities or obligations in respect of any Priority Revolving Facility may rank in right and priority of payment ahead of the amounts set out in paragraph (i) of the section captioned "—*Application of Proceeds*."

Subject to the paragraph above and to the extent not otherwise prohibited by the Debt Financing Agreements, any Priority Revolving Facility shall rank in right and priority of payment as determined by the Parent.

Enforcement: Debt Refinancing

The right of the lenders or other creditors in respect of a Priority Revolving Facility to:

(a) instruct the Security Agent to enforce the security;

(b) give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the security as they see fit; and/or

(c) otherwise provide instructions as, or as part of, an Instructing Group,

shall be generally consistent with, or otherwise not materially less favorable to the other Secured Parties than, those customary for facilities of a similar nature to that Priority Revolving Facility (if any), in each case as at the date such Priority Revolving Facility is contractually committed by the relevant member(s) of the Group and as determined by the Parent (with any such determination to be conclusive).

Option to Purchase

(a) The Senior Note holders and the Permitted Senior Financing Creditors shall be provided with an 'option to purchase' right in relation to any liabilities in respect of a Priority Revolving Facility consistent in all material respects with the 'option to purchase' right provided in relation to the Senior Lender Liabilities as set out in the paragraph captioned "—*Restrictions Relating to Senior Secured Liabilities—Option to Purchase: Senior Secured Creditors*."

(b) The Senior Parent Agent(s) shall be provided with an 'option to purchase' right in relation to any liabilities in respect of a Priority Revolving Facility consistent in all material respects with the 'option to purchase' right as set out in the paragraph captioned "—*Payment Obligations and Capitalization of Interest Continue—Option to Purchase: Senior Parent Creditors*."

Ranking and Priority

Priority of Debts

Subject to the provisions set out in the caption "—*Senior Parent Liabilities and Security*" below, the Intercreditor Agreement provides that the liabilities owed by the Debtors (other than the Parent) to the creditors in relation to the Senior Facilities, certain hedging obligations, the Senior Notes, the Senior Parent Notes, the Permitted Senior Financing Debt and the Permitted Parent Financing Debt (the "Primary Creditors") shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- first, the liabilities of the lenders, issuing banks and ancillary lenders under the Senior Facilities (each a "Senior Lender" and such liabilities the "Senior Lender Liabilities"), the Senior Notes liabilities and the Permitted Senior Financing Liabilities, the Hedging Liabilities, amounts due to the Senior Notes Trustee and amounts due to the Senior Parent Notes Trustee *pari passu* and without any preference between them; and
- second, the Senior Parent Notes liabilities and the Permitted Parent Financing Liabilities *pari passu* between themselves and without any preference between them.

The liabilities owed by the Parent to the Primary Creditors shall rank *pari passu* in right and priority of payment without any preference amongst them.

Priority of Security

The security shall secure the relevant liabilities (but only to the extent that such security is expressed to secure the relevant liabilities) in the order provided for under the caption "—*Application of Proceeds*."

Senior Parent Liabilities and Security

The Senior Parent Notes liabilities and the Permitted Parent Financing Liabilities owed by the Parent are senior obligations of the Parent. Notwithstanding the preceding sentence, until the date the Senior Lender Liabilities, the Hedging Liabilities, the Senior Notes liabilities and the Permitted Senior Financing Liabilities have been discharged (the "Senior Discharge Date"), creditors in relation to the Senior Parent Notes liabilities and the Permitted Parent Financing Liabilities may not take any steps to appropriate the assets of the Parent subject to the Security Documents in connection with any Enforcement Action (as defined below), other than as expressly permitted by the Intercreditor Agreement.

Intra-Group Liabilities and Investor Liabilities

The Intercreditor Agreement provides that the intra-group liabilities of the Group and the liabilities of the Group to an investor are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors.

Additional and/or Refinancing Debt

The creditors under the Intercreditor Agreement acknowledge in the Intercreditor Agreement that the Debtors (or any of them) may wish to incur incremental borrowing liabilities (including guarantees of such liabilities) or refinance or replace borrowing liabilities (including incurring guarantee liabilities in respect of such refinancing or replacement). Such liabilities are intended to rank *pari passu* with any other liabilities and/or share *pari passu* in any security and/or to rank behind any other liabilities and/or to share in any security behind any such other liabilities.

The creditors under the Intercreditor Agreement undertake in the Intercreditor Agreement (at the cost of the Debtors) to co-operate with the Parent and the Debtors with a view to enabling and facilitating such financing, refinancing or replacement and such sharing in the security to take place in a timely manner. In particular, each of the secured parties authorizes and directs each of its respective agents and the Security Agent to execute any amendment to the Intercreditor Agreement and such other debt documents required by the Parent to reflect, enable and/or facilitate any such arrangements.

Restrictions Relating to Senior Secured Liabilities

The Parent and the Debtors may make payments of the senior secured liabilities at any time, provided that following the occurrence of an acceleration event with respect to the Senior Facilities Agreement, the Senior Notes and/or any Permitted Senior Financing Debt, which is continuing, no Debtor may make (and no Senior Secured Creditor (as defined below) may receive) payments of Senior Lender Liabilities, Senior Notes liabilities or Permitted Senior Financing Liabilities except for recoveries distributed in accordance with the provisions set out under the caption "—*Application of Proceeds*."

The Intercreditor Agreement provides that the Senior Secured Creditors (as defined below), the Parent and the Debtors may at any time amend or waive the terms of the finance documents in relation to the Senior Facilities, the Senior Notes and the Permitted Senior Financing Debt, in accordance with their respective terms from time to time (and subject only to any consent required under them).

Security and Guarantees: Senior Secured Creditors

The Senior Lenders, the Hedge Counterparties, the Senior Note holders and any Permitted Senior Financing Creditors (the "Senior Secured Creditors") may take, accept or receive the benefit of:

- any security from any member of the Group in respect of any of the Senior Lender Liabilities, the Senior Notes liabilities or the Permitted Senior Financing Liabilities in addition to the shared security provided that, to the extent legally possible and subject to certain agreed security principles:
  - the security provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);
  - all amounts actually received or recovered by any Senior Secured Creditor with respect to any such security shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption "—*Application of Proceeds*;" and

- any such security may only be enforced in accordance with the provisions set out under the caption "*—Enforcement of Security—Security Held by Other Creditors*."

- any guarantee, indemnity or other assurance against loss from any member of the Group regarding any of the Senior Lender Liabilities, the Senior Notes liabilities or the Permitted Senior Financing Liabilities in addition to those in:
  - the Senior Facilities Agreement, the Senior Notes Indenture or any Permitted Senior Financing Document;
  - the Intercreditor Agreement; or
  - any guarantee, indemnity or other assurance against loss in respect of any of the liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to certain agreed security principles, given to all the senior secured parties in respect of their senior secured liabilities,

provided that, to the extent legally possible, and subject to certain agreed security principles,

- the guarantee provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity); and
- such guarantee, indemnity or assurance against loss is expressed to be subject to the Intercreditor Agreement.

This provision does not require any security or guarantee to be granted in respect of the Senior Parent Notes.

Restriction on Enforcement: Senior Lenders and Senior Notes Creditors

The Intercreditor Agreement provides that none of the Senior Lenders, the Senior Note holders or any Permitted Senior Financing Creditors may take certain Enforcement Action without the prior written consent of an Instructing Group (as defined below).

Notwithstanding the above restriction or anything to the contrary in the Intercreditor Agreement, after the occurrence of certain specified insolvency events (an "Insolvency Event") in relation to a Debtor, each Senior Lender, Senior Note holder or Permitted Senior Financing Creditor may, to the extent it is able to do so under the relevant debt documents, take certain Enforcement Action and/or claim in the winding up, dissolution, administration, reorganization or similar insolvency event of that Debtor for liabilities owing to it (but may not direct the Security Agent to enforce the common security in any manner).

Option to Purchase: Senior Secured Creditors

Senior Note holders holding at least a simple majority of the Senior Notes liabilities or Permitted Senior Financing Creditors holding at least a simple majority of the Permitted Senior Financing Liabilities (the "Senior Secured Acquiring Creditors") may, after the occurrence of an acceleration event which is continuing, by giving not less than ten (10) days' notice to the Security Agent, require the transfer to them (or to a nominee or nominees), in accordance with the applicable transfer provisions of the Intercreditor Agreement, of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities if:

(i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Facilities Agreement;

(ii) any conditions relating to such a transfer contained in the Senior Facilities Agreement are complied with, other than:

(A) any requirement to obtain the consent of, or consult with, a member of the Group in relation to such transfer, which consent or consultation shall not be required; and

(B) to the extent to which all the Senior Secured Acquiring Creditors provide cash cover for any letter of credit, the consent of the relevant letter of credit issuing bank relating to such transfer;

(iii) the Senior Facility Agent, on behalf of the Senior Lenders, is paid an amount equal to the aggregate of:

(A) any amounts provided as cash cover by the Senior Secured Acquiring Creditors for any letter of credit (as envisaged in paragraph (ii)(B) above);

(B) all of the Senior Lender Liabilities at that time (whether or not due), including all amounts that would have been payable under the Senior Facilities Agreement if the Senior Facilities were being prepaid by the relevant Debtors on the date of that payment; and

(C) all costs and expenses (including legal fees) incurred by the Senior Facility Agent and/or the Senior Lenders and/or the Security Agent as a consequence of giving effect to that transfer;

(iv) as a result of that transfer, the Senior Lenders have no further actual or contingent liability to a Debtor under the Senior Facilities finance documents;

(v) an indemnity is provided from each of the Senior Secured Acquiring Creditors (other than any Senior Agent) or from another third party acceptable to all the Senior Lenders in a form reasonably satisfactory to each Senior Lender in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender in consequence of any sum received or recovered by any Senior Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender for any reason;

(vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, except that each Senior Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer; and

(vii) the Senior Parent Creditors have not exercised their rights to purchase as described under the provisions set out in the paragraph captioned "—*Option to Purchase: Senior Parent Creditors*" or, having exercised such rights, have not failed to complete the acquisition of the relevant Senior Secured Liabilities in accordance with such provisions.

Subject to the Intercreditor Agreement, the Senior Secured Acquiring Creditors may only require a Senior Lender Liabilities transfer if, at the same time, they require a transfer of the hedging agreements in accordance with the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no Senior Lender Liabilities transfer may be required to be made.

At the request of a Senior Agent (on behalf of the Senior Secured Acquiring Creditors), the Senior Facility Agent shall notify that Senior Agent of the foregoing payable sums in connection with such transfer.

"Instructing Group" means at any time:

(a) prior to the Senior Discharge Date:

(i) in relation to any instructions to the Security Agent to enforce the Transaction Security or refrain or cease from enforcing the Transaction Security or to take any other Enforcement Action:

(A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than $66\,^2/_3$% of the Total Senior Instructing Group Credit Participations at that time; and/or

(B) prior to the Senior Lender Discharge Date, the Majority Senior Creditors,

in each case as applicable in accordance with the provisions set out under the caption "—*Consultation Period*"; or

(ii) in relation to any other matter:

(A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than $66\,^2/_3$% of the Total Senior Instructing Group Credit Participations at that time; and

(B) prior to the Senior Lender Discharge Date, the Majority Senior Creditors; and

(b) on or after the Senior Discharge Date but before the Senior Parent Discharge Date, and subject always to the provisions set out under the caption "—*Restrictions on enforcement by Senior Parent Creditors*", the Majority Senior Parent Creditors.

In this definition of "Instructing Group":

"Majority Senior Parent Creditors" means, at any time, those Senior Parent Creditors whose Senior Parent Credit Participations at that time aggregate to more than $66\,^2/_3$% of the total aggregate amount of all Senior Parent Credit Participations at that time.

"Senior Instructing Group Creditors" means:

(a) prior to the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Creditors); and

(b) on and after the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Lenders).

"Senior Lender Discharge Date" means the first date on which all Senior Lender Liabilities have been fully and finally discharged, whether or not as the result of an enforcement, and the Senior Lenders are under no further obligation to provide financial accommodation to any of the Debtors under any of the Senior Facilities Finance Documents.

"Senior Notes/Permitted Financing Credit Participations" means the aggregate of all the Senior Secured Credit Participations at any time of the Senior Note holders and the Permitted Senior Financing Creditors.

"Senior Parent Credit Participation" means:

(a) in relation to a Senior Parent Note holder, the principal amount of outstanding Senior Parent Notes Liabilities held by that Senior Parent Note holder; and

(b) in relation to a Permitted Parent Financing Creditor, the aggregate amount of its commitments under each Permitted Parent Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Parent Financing Debt held by that Permitted Parent Financing Creditor (as applicable and without double counting).

"Senior Secured Credit Participation" means:

(a) in relation to a Senior Creditor, its Senior Credit Participation in relation to the Senior Facilities Agreement and the hedging agreements only;

(b) in relation to a Senior Note holder, the principal amount of outstanding Senior Notes liabilities held by that Senior Note holder; and

(c) in relation to a Permitted Senior Financing Creditor, the aggregate amount of its commitments under each Permitted Senior Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Senior Financing Debt held by that Permitted Senior Financing Creditor (as applicable and without double counting).

"Total Senior Instructing Group Credit Participations" means:

(d) prior to the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Creditors); and

(e) on and after the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Lenders).

"Total Senior Secured Credit Participations" means the aggregate of all the Senior Secured Credit Participations at any time.

Restrictions Relating to Senior Parent Creditors and Senior Parent liabilities

Restriction on Payment and Dealings

The Intercreditor Agreement provides that, until the Senior Discharge Date, the Parent shall not (and shall ensure that no member of the Group will):

(i) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities in cash or in kind or apply any such money or property in or towards discharge of any Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities except as permitted by the provisions set out below under the captions "*—Permitted Senior Parent Payments*," "*—Permitted Senior Parent Enforcement*," and the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" or by a refinancing of the Senior Parent Notes or the Permitted Parent Financing Debt as permitted by the Intercreditor Agreement;

(ii) exercise any set-off against any Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities, except as permitted by the provisions set out in the caption "*—Permitted Senior Parent Payments*" below, the provisions set out in the caption "*—Restrictions on Enforcement by Senior Parent Creditors*" below or the fourth paragraph under the caption "*—Effect of Insolvency Event; Filing of Claims*" below or by a refinancing of the Senior Parent Notes or the Permitted Parent Financing Debt as permitted by the Intercreditor Agreement; or

(iii) create or permit to subsist any security over any assets of any member of the Group or give any guarantee (and the Senior Parent Notes Trustee or Senior Parent Creditor Representative, as the case may be, may not, and no Senior Parent Creditor may, accept the benefit of any such security or guarantee from any member of the Group) for, or in respect of, any Senior Parent Notes liabilities or any Permitted Parent Financing Liabilities other than:

(a) guarantees by a member of the Group of any obligations of the Group under the Senior Parent Notes finance documents and/or the Permitted Parent Financing Documents;

(b) at the option of the Parent, all or any of the security (provided that, for the avoidance of doubt, each of the parties agrees that the security shall rank and secure any Senior Parent Notes and any Permitted Parent Financing Debt as set out in "*—Ranking and Priority—Priority of Security*)"; and

(c) any security over any assets of the Parent (other than, without prejudice to paragraph (b) above, shares and loan receivables in the Company over which the Parent has granted security);

(iv) any other security or guarantee provided by a member of the Group (the "Credit Support Provider") provided that, to the extent legally possible:

(a) the Credit Support Provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);

(b) all amounts actually received or recovered by the Senior Parent Notes Trustee, the Senior Parent Creditor Representative or the Senior Parent Creditors, as the case may be, with respect to any such guarantee shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption "*—Application of Proceeds*";

(c) any such security may only be enforced in accordance with the provisions set out under the caption "*—Enforcement of Security—Security Held by Other Creditors*"; and

(d) such guarantee is expressed to be subject to the Intercreditor Agreement; and

(v) any security, guarantee, indemnity or other assurance against loss from any member of the Group in connection with:

(a) any escrow or similar or equivalent arrangements entered into in respect of amounts which are being held (or will be held) by a person which is not a member of the Group prior to release of those amounts to a member of the Group; or

(b) any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Senior Lender Liabilities, Senior Notes liabilities and any Permitted Senior Financing Liabilities (in each case provided that such defeasance, redemption, prepayment, repayment, purchase or other discharge is not prohibited by the terms of the Intercreditor Agreement).

Permitted Senior Parent Payments

Prior to the Senior Discharge Date, any member of the Group may make payments with respect to the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities then due in accordance with the finance documents in relation to the Senior Parent Notes and the Permitted Parent Financing Debt (such payments, collectively, "Permitted Senior Parent Payments"):

(i) if:

(a) the payment is of:

(I) any of the principal amount of the Senior Parent Notes liabilities and the Permitted Parent Financing Liabilities which is either (1) not prohibited from being paid by the Senior Facilities Agreement, the Senior Notes Indenture or any Permitted Senior Financing Agreement; or (2) paid on or after the final maturity date of the relevant Senior Parent Notes liabilities and Permitted Parent Financing Liabilities (subject to certain conditions); or

(II) any other amount which is not an amount of principal or capitalized interest;

(b) no Senior Parent Payment Stop Notice (as defined below) is outstanding; and

(c) no payment default under the Senior Facilities Agreement, the Senior Notes or the Permitted Senior Financing Documents ("Senior Payment Default") has occurred and is continuing; or

(ii) if the Majority Senior Lenders, the Senior Notes Trustee and the Permitted Majority Senior Financing Creditors or the Senior Creditor Representative in respect of that Permitted Senior Financing Debt (as applicable) (the "Required Senior Consent") give prior consent to that payment being made; or

(iii) if the payment is of certain amounts due to the Senior Parent Notes Trustee for its own account;

(iv) if the payment is made by the Parent and funded directly or indirectly with amounts which have not been received by the Parent from another member of the Group;

(v) of any costs and expenses of any holder of security in relation to protection, preservation or enforcement of such security;

(vi) of costs, commissions, taxes, fees and expenses incurred in respect of or in relation to (or reasonably incidental to) any of the Senior Parent Notes Indenture and any Permitted Parent Financing Documents (including in relation to any reporting or listing requirements under such documents);

(vii) if the payment is funded directly or indirectly with Permitted Parent Financing Debt; or

(viii) of any other amount not exceeding CHF 5,000,000 (or its equivalent) in aggregate in any financial year of the Parent.

On or after the Senior Discharge Date, the Debtors may make payments to the Senior Parent Creditors in respect of the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities in accordance with the Senior Parent Notes Indenture and the Permitted Parent Financing Documents, as applicable.

Payment Blockage Provisions

Until the Senior Discharge Date, except with the Required Senior Consent, the Parent shall not make (and shall procure that no other member of the Group shall make), and neither the Senior Parent Notes Trustee, any holder of Senior Parent Notes or the Permitted Parent Financing Creditors may receive from the Parent or any other members of the Group, any Permitted Senior Parent Payment (other than certain amounts due to the Senior Parent Notes Trustee for its own account, payments funded by amounts not received from another member of the Group or payments funded by Permitted Parent Financing Debt) if:

- a Senior Payment Default is continuing; or
- an event of default under the Senior Facilities Agreement, the Senior Notes Indenture and/or any Permitted Senior Financing Agreement (a "Senior Event of Default") (other than a Senior Payment Default) is continuing, from the date which is one business day after the date on which any of the Senior Facility Agent, the Senior Notes Trustee and any Senior Creditor Representative (together, the "Senior Agents") delivers a payment stop notice (a "Senior Parent Payment Stop Notice") specifying the event or circumstance in relation to that Senior Event of Default to the Parent, the Security Agent, the Senior Parent Notes Trustee and any Senior Parent Creditor Representative until the earliest of:
  - the date falling 179 days after delivery of that Senior Parent Payment Stop Notice;
  - in relation to payments of the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities, if a Parent standstill period is in effect at any time after delivery of that payment stop notice, the date on which that standstill period expires;
  - the date on which the relevant Senior Event of Default has been remedied or waived in accordance with the Senior Facilities Agreement, the Senior Notes Indenture or any Permitted Senior Financing Agreement (as applicable);
  - the date on which the Senior Agent which delivered the relevant Senior Parent Payment Stop Notice delivers a notice to the Parent, the Security Agent, the Senior Parent Notes Trustee and any Senior Parent Creditor Representative cancelling the Senior Parent Payment Stop Notice;
  - the Senior Discharge Date; and
  - the date on which the Security Agent, the Senior Parent Notes Trustee or any Senior Parent Creditor Representative takes Enforcement Action permitted under the Intercreditor Agreement against a Debtor.

Unless the Senior Parent Notes Trustee and any Senior Parent Creditor Representative waive this requirement, (i) a new Senior Parent Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Parent Payment Stop Notice; and (ii) no Senior Parent

Payment Stop Notice may be delivered by a Senior Agent in reliance on a Senior Event of Default more than 45 days after the date that Senior Agent received notice of that Senior Event of Default.

The Senior Agents may only serve one Senior Parent Payment Stop Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Senior Agents to issue a Senior Parent Payment Stop Notice in respect of any other event or set of circumstances. No Senior Parent Payment Stop Notice may be served in respect of a Senior Event of Default which had been notified to the Senior Agents at the time at which an earlier Senior Parent Payment Stop Notice was issued.

Any failure to make a payment due under the Senior Parent Notes Indenture and any Permitted Parent Financing Documents as a result of the issue of a Senior Parent Payment Stop Notice or the occurrence of a Senior Payment Default shall not prevent (i) the occurrence of an Event of Default (as defined in the Senior Parent Notes Indenture or any Permitted Parent Financing Documents, as applicable) as a consequence of that failure to make a payment in relation to the relevant Senior Parent Notes Indenture and any Permitted Parent Financing Documents; or (ii) the issue of a Senior Parent Enforcement Notice (as defined below) on behalf of the Senior Parent Creditors.

Payment Obligations and Capitalization of Interest Continue

No Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under the Senior Parent Notes Indenture and any Permitted Parent Financing Document by the operation of the provisions set out under each section above under the caption "—*Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities*" even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest (if any) in accordance with the Senior Parent Notes Indenture and any Permitted Parent Financing Document shall continue notwithstanding the issue of a Senior Parent Payment Stop Notice.

Cure of Payment Stop

If:

(i) at any time following the issue of a Senior Parent Payment Stop Notice or the occurrence of a Senior Payment Default, that Senior Parent Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Payment Default ceases to be continuing; and

(ii) the relevant Debtor then promptly pays to the Senior Parent Creditors an amount equal to any payments which had accrued under the Senior Parent Notes Indenture and any Permitted Parent Financing Document and which would have been Permitted Senior Parent Payments but for that Senior Parent Payment Stop Notice or Senior Payment Default,

then any Event of Default (including any cross default or similar provision under any other debt document) which may have occurred as a result of that suspension of payments shall be waived and any Senior Parent Enforcement Notice which may have been issued as a result of that Event of Default shall be waived, in each case without any further action being required on the part of the Senior Parent Creditors or any other Creditor.

Restrictions on Amendments and Waivers

The Intercreditor Agreement provides that the Senior Parent Creditors, the Parent and the other Debtors may amend or waive the terms of the Senior Parent Notes finance documents and/or the Permitted Parent Financing Documents in accordance with their terms at any time (and subject only to any consent required under them).

Restrictions on Enforcement by Senior Parent Creditors

Until the Senior Discharge Date, except with the prior consent of or as required by an Instructing Group:

(i) no Senior Parent Creditor shall direct the Security Agent to enforce, or otherwise require the enforcement of any security; and

(ii) no Senior Parent Creditor shall take or require the taking of any Enforcement Action in relation to the guarantees by a member of the Group of any of the obligations of any member of the Group under the Senior Parent Notes finance documents and/or Permitted Parent Financing Documents,

except as permitted under the provisions set out under the caption "—*Permitted Senior Parent Enforcement*" below, *provided, however*, that no such action required by the Security Agent need be taken except to the extent the Security Agent otherwise is entitled under the Intercreditor Agreement to direct such action.

"Enforcement Action" is defined as:

- in relation to any liabilities:
  - the acceleration of any liabilities or the making of any declaration that any liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Secured Creditor or a Senior Parent Creditor to perform its obligations under, or of any voluntary or mandatory prepayment arising under, any of the debt documents);
  - the making of any declaration that any liabilities are payable on demand;
  - the making of a demand in relation to a liability that is payable on demand;
  - the making of any demand against any member of the Group in relation to any guarantee liabilities of that member of the Group;
  - the exercise of any right to require any member of the Group to acquire any liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any liability but excluding any such right which arises as a result of the permitted debt purchase transactions provisions of the Senior Facilities Agreement (or any other similar or equivalent provision of any of the Senior Facilities finance documents), the Senior Notes finance documents, the Permitted Senior Financing Documents, the hedging agreements regulated by the Intercreditor Agreement, the Senior Parent Notes finance documents and/or the Permitted Parent Financing Documents (the "Secured Debt Documents") and/or any other acquisition of liabilities, acquisition or transaction which any member of the Group is not prohibited from entering into by the terms of the Secured Debt Documents and excluding any mandatory offer arising as a result of a change of control or asset sale (howsoever described) as set out in the Senior Notes finance documents or the Senior Parent Notes finance documents (or any other similar or equivalent provision of any of the Secured Debt Documents);
  - the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any liabilities other than the exercise of any such right:
    - as close-out netting by a Hedge Counterparty or by a hedging ancillary lender;
    - as payment netting by a Hedge Counterparty or by a hedging ancillary lender;
    - as inter-hedging agreement netting by a Hedge Counterparty;
    - as inter-hedging ancillary document netting by a hedging ancillary lender; and/or
    - which is otherwise permitted by the terms of any of the Secured Debt Documents, in each case to the extent that the exercise of that right gives effect to a permitted payment; and
  - the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any liabilities;
- the premature termination or close-out of any hedging transaction under any hedging agreement, save to the extent permitted by the Intercreditor Agreement;
- the taking of any steps to enforce or require the enforcement of any security (including the crystallization of any floating charge forming part of the security),
- the entering into of any composition, compromise, assignment or similar arrangement with any member of the Group which owes any liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities (other than any action permitted under the Intercreditor Agreement or any debt buy-back, tender offer, exchange offer or similar or equivalent arrangement not otherwise prohibited by the debt documents); or
- the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any member of the Group which owes any liabilities, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the liabilities, or any of such member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction,

except that the following shall not constitute Enforcement Action:

- the taking of any action falling above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; or
- a Senior Secured Creditor or Senior Parent Creditor bringing legal proceedings against any person solely for the purpose of: (a) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party, (b) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages or (c) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages; or
- bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud; or
- to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or
- any person consenting to, or the taking of any other action pursuant to or in connection with, any merger, consolidation, reorganization or any other similar or equivalent step or transaction initiated or undertaken by a member of the Group (or any analogous procedure or step in any jurisdiction) that is not prohibited by the terms of the Secured Debt Documents to which it is a party.

Permitted Senior Parent Enforcement

The restrictions set out in the caption "*—Restrictions on Enforcement by Senior Parent Creditors*" above will not apply if:

(i) an Event of Default (as defined in the Senior Parent Notes Indenture and any Permitted Parent Financing Agreement, as applicable, each a "Senior Parent Event of Default") (the "Relevant Senior Parent Default") is continuing;

(ii) each Senior Agent has received a notice of the Relevant Senior Parent Default specifying the event or circumstance in relation to the Relevant Senior Parent Default from the Senior Parent Notes Trustee or the Senior Parent Creditor Representative, as the case may be;

(iii) a Senior Parent Standstill Period (as defined below) has elapsed; and

(iv) the Relevant Senior Parent Default is continuing at the end of the relevant Senior Parent Standstill Period.

Promptly upon becoming aware of a Senior Parent Event of Default, the Senior Parent Notes Trustee or the Senior Parent Creditor Representative, as the case may be, may by notice (a "Senior Parent Enforcement Notice") in writing notify the Senior Agents of the existence of such Senior Parent Event of Default.

Senior Parent Standstill Period

In relation to a Relevant Senior Parent Default, a Senior Parent Standstill Period shall mean the period beginning on the date (the "Senior Parent Standstill Start Date") the relevant Senior Agent serves a Senior Parent Enforcement Notice on each of the Senior Agents in respect of such Senior Parent Event of Default and ending on the earlier to occur of:

(i) the date falling 179 days after the Senior Parent Standstill Start Date (the "Senior Parent Standstill Period");

(ii) the date the Senior Secured Parties take any Enforcement Action in relation to a particular guarantor of the Senior Parent Notes and any Permitted Parent Financing Debt (a "Senior Parent Guarantor"), *provided, however*, that if a Senior Parent Standstill Period ends pursuant to this paragraph, the Senior Parent Creditors may only take the same Enforcement Action in relation to the Senior Parent Guarantor as the Enforcement Action taken by the Senior Secured Parties against such Senior Parent Guarantor and not against any other member of the Group;

(iii) the date of an Insolvency Event in relation to the Parent or a particular Senior Parent Guarantor against whom Enforcement Action is to be taken;

(iv) the expiry of any other Senior Parent Standstill Period outstanding at the date such first mentioned Senior Parent Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);

(v) the date on which the consent of each of the Senior Facility Agent (acting on the instructions of the Majority Senior Lenders), any Senior Parent Notes Trustee (acting on behalf of the Senior Note holders) and any Senior Creditor Representative (acting on the instructions the Majority Permitted Senior Financing Creditors) has been obtained; and

(vi) a failure to pay the principal amount outstanding under the Senior Parent Notes or on any Permitted Parent Financing Debt, as the case may be, at the final stated maturity of the amounts outstanding under the Senior Parent Notes or on the Permitted Parent Financing Debt, as the case may be (provided that, unless the Senior Lender Discharge Date has occurred or as otherwise agreed by the Majority Senior Lenders and the Parent, such final stated maturity has not been amended to fall on a date prior to the date falling 7 years and 6 months after the date of first utilization under the Senior Facilities Agreement).

Subsequent Senior Parent Event of Default

The Senior Parent Finance Parties and the Parent, as applicable, may take Enforcement Action under the provisions set out in caption "—*Permitted Senior Parent Enforcement*" above in relation to a Senior Parent Event of Default even if, at the end of any relevant Senior Parent Standstill Period or at any later time, a further Senior Parent Standstill Period has begun as a result of any other Senior Parent Event of Default.

Enforcement on Behalf of Senior Parent Creditors

If the Security Agent has notified each of the Senior Parent Notes Trustee and any Senior Parent Creditor Representative (the "Senior Parent Agents") that it is enforcing security created pursuant to any security document over shares of a Senior Parent Guarantor, no Senior Parent Creditor may take any action referred to under the provisions set out under the caption "—*Permitted Senior Parent Enforcement*" above against that Senior Parent Guarantor while the Security Agent is taking steps to enforce that security in accordance with the instructions of an Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Option to Purchase: Senior Parent Creditors

Subject to the following paragraphs, any of the Senior Parent Agents (on behalf of the Senior Parent Creditors) may, after an acceleration event under any of the Senior Facilities Agreement, the Senior Notes or in relation to any Permitted Senior Financing Debt which is continuing, by giving not less than 10 days' notice to the Security Agent, require the transfer to the Senior Parent Creditors of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities, the Senior Notes liabilities and the Permitted Senior Financing Liabilities (the "Senior Secured Liabilities") if:

(i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Facilities Agreement, the Senior Notes Indenture and any Permitted Senior Financing Agreement (as applicable);

(ii) any conditions relating to such a transfer contained in the Senior Facilities Agreement (in the case of the Senior Lender Liabilities), the Senior Notes Indenture (in the case of the Senior Notes liabilities) and any Permitted Senior Financing Agreement (in the case of the Permitted Senior Financing Liabilities) are complied with, in each case, other than as specified in the Intercreditor Agreement;

(iii) each of the Senior Facility Agent, on behalf of the Senior Lenders, the Senior Notes Trustee, on behalf of the relevant Senior Note holders and the applicable Senior Creditor Representative, on behalf of the relevant Permitted Senior Financing Creditors, is paid the amounts required under the Intercreditor Agreement;

(iv) as a result of that transfer the Senior Lenders, the Senior Note holders and the Permitted Senior Financing Creditors have no further actual or contingent liability to the Parent or any Debtor under the relevant Secured Debt Documents;

(v) an indemnity is provided from each Senior Parent Creditor (other than any Senior Parent Agent) in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender, Senior Note holder or Permitted Senior Financing Creditor in consequence of any sum received or recovered by any such party from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender, Senior Note holder or Permitted Senior Financing Creditor for any reason; and

(vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, the Senior Note holders or the Permitted Senior Financing Creditors, except that each of them shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer.

Subject to the Intercreditor Agreement, a Senior Parent Agent (on behalf of all the Senior Parent Creditors) may only require a transfer of Senior Secured Liabilities if, at the same time, they require a transfer of hedging agreements regulated by the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no transfer of Senior Secured Liabilities may be required to be made.

At the request of a Senior Parent Agent (on behalf of all the Senior Parent Creditors), the Senior Facility Agent, the Senior Notes Trustee and any relevant Senior Creditor Representative shall notify the Senior Parent Agents of the foregoing payable sums in connection with such transfer.

Effect of Insolvency Event; Filing of Claims

The Intercreditor Agreement provides that, among other things, after the occurrence of an Insolvency Event in relation to any Debtor, or, following an acceleration event which is continuing, any member of the Group, any party entitled to receive a distribution out of the assets of that member of the Group in respect of liabilities owed to that party shall, (if prior to a distress event, only if required by the Security Agent arising on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent and to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to pay that distribution to the Security Agent until the liabilities owing to the secured parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it in accordance with the provisions set out under the caption "—*Application of Proceeds*" below.

Subject to certain exceptions, to the extent that any member of Group's liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that member of the Group, any creditor which benefited from that set-off shall (if prior to a distress event, only if required by the Security Agent arising on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent, pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out in the caption "—*Application of Proceeds*" below and subject to certain exceptions.

Subject to the provisions set out in the caption "—*Application of Proceeds*" below, if the Security Agent or any other secured party receives a distribution in a form other than in cash in respect of any of the liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards the liabilities.

After the occurrence of an Insolvency Event in relation to any Debtor or, following an acceleration event which is continuing, any member of the Group, each creditor irrevocably authorizes the Security Agent, on its behalf, to:

(i) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that member of the Group;

(ii) demand, sue, prove and give receipt for any or all of that member of Group's liabilities;

(iii) collect and receive all distributions on, or on account of, any or all of that member of Group's liabilities; and

(iv) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that member of Group's liabilities.

Each creditor will (i) do all things that the Security Agent reasonably requests in order to give effect to the matters referred to in this "—*Effect of Insolvency Event; Filing of Claims*" section and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this "—*Effect of Insolvency Event; Filing of Claims*" section or if the Security Agent requests that a creditor take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require, although the Senior Notes Trustee and the Senior Parent Notes Trustee shall be under no obligation to grant such powers of attorney) to enable the Security Agent to take such action.

Turnover

Subject to certain exceptions, the Intercreditor Agreement provides that if any creditor receives or recovers from any member of the Group:

(i) any payment or distribution of, or on account of or in relation to, any of the liabilities which is prohibited under the Intercreditor Agreement;

(ii) other than as referred to in the second paragraph of the caption "*—Effect of Insolvency Event; Filing of Claims*" any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement;

(iii) any amount:

(A) on account of, or in relation to, any of the liabilities after the occurrence of a distress event including as a result of any other litigation or proceedings against a member of the Group other than after the occurrence of an Insolvency Event in respect of that member of the Group; or

(B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of a distress event,

other than, in each case, any amount received or recovered in accordance with the provisions set out below the caption "*—Application of Proceeds*;"

(iv) the proceeds of any enforcement of any security except in accordance with the provisions set out below under the caption "*—Application of Proceeds*;" or

(v) subject to certain exceptions, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any member of Group which is not in accordance with the provisions set out in the caption "*—Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that member of Group,

that creditor will, subject to certain exceptions: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Enforcement of Security

Enforcement Instructions

The Security Agent may refrain from enforcing the security unless instructed otherwise by (i) an Instructing Group; or (ii) if required as set out under the third paragraph of this section, the Majority Senior Parent Creditors.

Subject to the security having become enforceable in accordance with its terms (i) an Instructing Group; or (ii) to the extent permitted to enforce or to require the enforcement of the security prior to the Senior Discharge Date under the provisions under the caption "*—Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities*" above, the Majority Senior Parent Creditors, may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the security as they see fit.

Prior to the Senior Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security or (ii) in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the security which the Majority Senior Parent Creditors are then entitled to give to the Security Agent under the provisions under the caption "*—Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities*" above.

Subject to certain provisions of the Intercreditor Agreement, no secured party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the security documents except through the Security Agent.

Manner of Enforcement

If the security is being enforced as set forth above under the caption "*—Enforcement Instructions*," the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Security Agent) as:

- an Instructing Group; or
- prior to the Senior Discharge Date, if (i) the Security Agent has, pursuant to the third paragraph of this "*—Enforcement of Security*" section, given effect to instructions given by the Majority Senior Parent Creditors to enforce the security; and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Senior Parent Creditors,

shall instruct or, in the absence of any such instructions, as the Security Agent sees fit.

Exercise of Voting Rights

To the fullest extent permitted under applicable law, each creditor (other than the Senior Notes Trustee and the Senior Parent Notes Trustee) shall agree with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by an Instructing Group. Notwithstanding the foregoing, no party can exercise or require any other creditor under the Intercreditor Agreement to exercise its power of voting or representation to waive, reduce, discharge, extend the due date for payment or otherwise reschedule any of the liabilities owed to that creditor.

Waiver of Rights

To the extent permitted under applicable law and subject to certain provisions of the Intercreditor Agreement, each of the secured parties and the Debtors waives all rights it may otherwise have to require that the security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

Security Held by Other Creditors

If any security is held by a creditor other than the Security Agent, then that creditor may only enforce that security in accordance with instructions given by an Instructing Group pursuant to the terms of the Intercreditor Agreement (and for this purpose references to the Security Agent shall be construed as references to that creditor).

Duties Owed

Pursuant to the Intercreditor Agreement, each of the secured parties and the Debtors acknowledges that, in the event that the Security Agent enforces, or is instructed to enforce, the security prior to the Senior Discharge Date, the duties of the Security Agent and of any receiver or delegate owed to any Senior Parent Creditors in respect of the method, type and timing of that enforcement or of the exploitation, management or realization of any of that security shall be no different to or greater than the duty that is owed by the Security Agent, receiver or delegate to the Debtors under general law.

Consultation Period

(a) Subject to paragraph (d) below, before giving any instructions to the Security Agent to enforce the Transaction Security or refrain or cease from enforcing the Transaction Security or to take any other Enforcement Action, the Agent(s) of the Creditors represented in the Instructing Group concerned (and, if applicable, any relevant Hedge Counterparties) shall consult with each other Agent, Hedge

Counterparty and the Security Agent in good faith about the instructions to be given by the Instructing Group for a period of not less than 30 days from the date on which details of the proposed instructions are received by such Agents, Hedge Counterparties and the Security Agent (or such shorter period as each Agent, Hedge Counterparty and the Security Agent shall agree) (the "Consultation Period"), and only following the expiry of a Consultation Period shall the Instructing Group be entitled to give any instructions to the Security Agent to enforce the Transaction Security or refrain or cease from enforcing the Transaction Security or take any other Enforcement Action.

(b) Subject to paragraph (c) below, in the event conflicting instructions are received from any other Instructing Group, the Security Agent shall enforce the Transaction Security, refrain or cease from enforcing the Transaction Security or, as the case may be, take the relevant other Enforcement Action in accordance with the instructions given by an Instructing Group referred to in paragraph (a)(i)(A) of the definition of Instructing Group (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the Transaction Security Documents) and the terms of all instructions given by any other Instructing Group shall be deemed revoked.

(c) Prior to the Senior Lender Discharge Date, if:

(i) the Senior Creditors have not been fully repaid within six months of the end of the first Consultation Period;

(ii) the Security Agent has not commenced any enforcement of the Transaction Security (or a transaction in lieu thereof) or other Enforcement Action within three months of the end of the first Consultation Period; or

(iii) an Insolvency Event has occurred and the Security Agent has not commenced any enforcement of the Transaction Security (or a transaction in lieu thereof) or other Enforcement Action at that time,

then the Security Agent shall follow the instructions given by the Majority Senior Creditors (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the Transaction Security Documents).

(d) Subject to paragraph (c) above, no Agent or Hedge Counterparty shall be obliged to consult in accordance with paragraph (a) above and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of a Consultation Period (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the Transaction Security Documents) if:

(i) the Transaction Security has become enforceable as a result of an Insolvency Event; or

(ii) the Instructing Group or any Agent of the Creditors represented in the Instructing Group determines in good faith (and notifies each other Agent, the Hedge Counterparties and the Security Agent) that to enter into such consultations and thereby delay the commencement of enforcement of the Transaction Security would reasonably be expected to have a material adverse effect on:

(A) the Security Agent's ability to enforce any of the Transaction Security; or

(B) the realization proceeds of any enforcement of the Transaction Security,

and, where this paragraph (d) applies:

(1) any instructions shall be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors on behalf of which the relevant Instructing Group is acting in relation to the matters referred to in (A) and (B) above; and

(2) the Security Agent shall act in accordance with the instructions first received.

Proceeds of Disposals

Non-Distressed Disposals

The Security Agent is irrevocably authorized and instructed (at the request and cost of the relevant Debtor or the Parent) to promptly release (or procure that any other relevant person releases):

(i) any security (and/or any other claim relating to a debt document) over any asset which is the subject of:

(A) a disposal not prohibited by the terms of the Senior Facilities Agreement, the Senior Notes Indenture, any Permitted Senior Financing Agreement, the Senior Parent Notes Indenture and any

Permitted Parent Financing Agreement (each a "Debt Financing Agreement") (including a disposal to a member of the Group, but without prejudice to any obligation of any member of the Group in a Debt Financing Agreement to provide replacement security); or

(B) any other transaction not prohibited by the terms of any Debt Financing Agreement pursuant to which that asset will cease to be held or owned by a member of the Group;

(ii) any security (and/or any other claim relating to a debt document) over any document or agreement in order for any member of the Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligations or take any action in relation to that document or agreement (in each case to the extent not prohibited by the terms of any Debt Financing Agreement);

(iii) any security (and/or any other claim relating to a debt document) over any asset of any member of the Group which has ceased to be a Debtor; and

(iv) any security (and/or any other claim relating to a debt document) over any other asset to the extent that such release is in accordance with the terms of the Debt Financing Agreements.

In the case of a disposal of shares in a Debtor (or any holding company of any Debtor), or any other transaction pursuant to which a Debtor (or any holding company of any Debtor) will cease to be a member of the Group, the Security Agent shall promptly release (or procure the release of) that Debtor and its subsidiaries from all present and future liabilities under the Secured Debt Documents.

When making any request for a release pursuant to this "*—Non-Distressed Disposals*" section, the Parent shall confirm in writing to the Security Agent that:

(i) in the case of any release requested pursuant to paragraph (i) or (ii) above, the relevant disposal or other action is not prohibited by the terms of any Debt Financing Agreement; or

(ii) in the case of any release requested pursuant to paragraph (iv) above, the relevant release is in accordance with terms of the Debt Financing Agreements,

and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

In the case of any release of security requested by the Parent pursuant to the applicable provisions of the Senior Facilities Agreement as part of a permitted transaction under the Senior Facilities Agreement, when making that request the Parent shall confirm to the Security Agent that:

(i) such request is a permitted transaction request (and absent any such statement in a request for a release the Security Agent shall be entitled to assume for all purposes that such request is not a permitted transaction request); and

(ii) it has determined in good faith (taking into account any applicable legal limitations and other relevant considerations in relation to that permitted transaction) that it is either not possible or not desirable to implement that permitted transaction on terms satisfactory to the Parent by instead granting additional security and/or amending the terms of the existing security,

and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

The Security Agent shall (at the cost and expense of the relevant Debtor or the Parent but without the need for any further consent, sanction, authority or further confirmation from any Creditor or Debtor) promptly enter into and deliver such documentation as the Parent (acting reasonably) shall require to give effect to any release described above.

If any member of the Group is required or permitted under the Senior Debt Documents to apply the proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of the Senior Lender Liabilities, the Hedging Liabilities, the Senior Notes liabilities or the Permitted Senior Financing Liabilities (as applicable) (together, the "Senior Liabilities") then no such application of those proceeds shall require the consent of any other party or result in any breach of any Senior Parent Finance Documents and such application shall discharge in full any obligation to apply those proceeds in prepayment, redemption or other discharge or reduction of any Senior Parent Liabilities.

Distressed Disposals

A "Distressed Disposal" is a disposal of an asset which is (a) being effected at the request of an Instructing Group in circumstances where the security has become enforceable in accordance with the terms of the relevant security documents, (b) being effected by enforcement of security in accordance with the terms of the relevant security documents or (c) being disposed of to a third party subsequent to a distress event.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Parent and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

(i) to release the security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release:

(A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;

(B) any security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

(C) any other claim of an investor, an intra-group lender, or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor,

on behalf of the relevant creditors, Debtors and agents;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release:

(A) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantees liabilities and its other liabilities;

(B) any security granted by that holding company or any subsidiary of that holding company over any of its assets; and

(C) any other claim of any investor, any intra-group lender or another Debtor over that holding company's assets or the assets of any subsidiary of that holding company,

on behalf of the relevant creditors, Debtors and agents;

(iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities or the Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:

(A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities or Debtor liabilities (the "Transferee") will be treated as a Primary Creditor or the Security Agent, any receiver or delegate and each of the agents, the arrangers, the Senior Secured Creditors and the Senior Parent Creditors (each a "Secured Party") for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those liabilities or Debtor liabilities, *provided* that, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and

(B) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of: all (and not part only) of the liabilities owed to the Primary Creditors and all or part of any other liabilities and the Debtor liabilities, on behalf of, in each case, the relevant creditors and Debtors;

(v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the Debtor liabilities, to execute and deliver or enter into any agreement to:

(A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and

(B) (if the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of Senior Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption "*—Application of Proceeds*" as if those proceeds were the proceeds of an enforcement of the security and, to the extent that any disposal of liabilities or Debtor liabilities has occurred, as if that disposal of liabilities or Debtor liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

Where borrowing liabilities in respect of any Senior Liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to the Parent or the Company (provided, in the case of a transfer to the Company, it will remain a subsidiary of the Parent after the relevant Distressed Disposal), in which case the Security Agent is irrevocably authorized (to the extent legally possible and at the cost of the relevant Debtor or the Parent and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

Subject to the immediately following paragraph, in the case of a Distressed Disposal effected by or at the request of the Security Agent, unless the consent of each Senior Agent is otherwise obtained, it is a further condition to any release, transfer or disposal that the proceeds of such disposal are in cash (or substantially all in cash) and such sale or disposal is made pursuant to a public auction in respect of which the Primary Creditors are entitled to participate or where a financial adviser selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

If prior to the discharge date for the Senior Parent Notes or any Permitted Parent Financing Debt, a Distressed Disposal is being effected such that the Senior Parent Notes Guarantees and the guarantees of any Permitted Parent Financing Debt or any security over the assets of the Parent or any Senior Parent Guarantor (including the shares in and/or any loan to the Company) will be released and/or the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities will be released, it is a further condition to the release that either:

- the Senior Parent Notes Trustee and any Senior Parent Creditor Representative has approved the release; or
- where shares or assets of a Senior Parent Guarantor or assets of the Parent are sold:

(A) the proceeds of such sale or disposal are in cash (or substantially in cash);

(B) all claims of the Senior Secured Creditors (other than in relation to performance bonds or guarantees or similar instruments) against a member of the Group (if any), all of whose shares (other than any minority interest not owned by members of the Group) are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the security documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that, if each Senior Agent (acting reasonably and in good faith):

(I) determines that the Senior Secured Creditors will recover a greater amount if such claim is sold or otherwise transferred to the purchaser or one of its affiliates and not released or discharged; and

(II) serves a written notice on the Security Agent confirming the same,

the Security Agent shall be entitled to sell or otherwise transfer such claim to the purchaser or one of its affiliates; and

(C) such sale or disposal is made:

(I) pursuant to a public auction in respect of which the Primary Creditors are entitled to participate; or

(II) where a financial adviser selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

Application of Proceeds

The Intercreditor Agreement provides that secured parties may only benefit from Recoveries (as defined below) to the extent that the liabilities of such secured parties has the benefit of the guarantees or security under which such Recoveries are received and provided that, in all cases, the rights of such secured parties shall in any event be subject to the priorities set out in this section. This shall not prevent a Senior Secured Creditor benefiting from such Recoveries where it was not legally possible for the Senior Secured Creditor to obtain the relevant guarantees or security.

Order of Application

The Intercreditor Agreement provides that all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any debt document or in connection with the realization or enforcement of all or any part of the security (for the purposes of this "—*Application of Proceeds*" section and the "—*Equalization of the Senior Secured Creditors*" section, the "Recoveries") shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this "—*Application of Proceeds*" section), in the following order of priority:

(i) in discharging any sums owing to the Senior Facility Agent (in respect of the amounts due to the Senior Facility Agent), any Senior Creditor Representative (in respect of amounts due to the Senior Creditor Representative), any Senior Parent Creditor Representative (in respect of amounts due to the Senior Parent Creditor Representative) or any Senior Notes Trustee amounts or Senior Parent Notes Trustee amounts, or any sums owing to the Security Agent, any receiver or any delegate on a pro rata and *pari passu* basis;

(ii) in payment of all costs and expenses incurred by any agent or Primary Creditor in connection with any realization or enforcement of the security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;

(iii) in respect of Recoveries resulting from the realization or enforcement of all or any part of the Transaction Security or a transaction in lieu thereof, in payment to:

(A) the Senior Facility Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders; and

(B) the Hedge Counterparties,

for application towards the discharge of:

(I) the liabilities of the Debtors owing to the arrangers under or in connection with the Senior Facilities and the Senior Lender Liabilities (in accordance with the terms of the finance documents relating to the Senior Facilities); and

(II) the Hedging Liabilities (on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty);

on a pro rata basis and *pari passu* between the immediately preceding paragraphs (I) and (II) above;

(iv) in payment to:

(A) the Senior Facility Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders;

(B) the Hedge Counterparties;

(C) each Senior Notes Trustee on its own behalf and on behalf of the holders of the Senior Notes; and

(D) each Senior Creditor Representative on its own behalf and on behalf of the arrangers with respect to the Permitted Senior Financing Debt and the Permitted Senior Financing Creditors; and

(v) for application towards the discharge of:

(I) the liabilities of the Debtors owed to the senior arrangers under or in connection with the Senior Facilities and the Senior Lender Liabilities (in accordance with the terms of the finance documents in relation to the Senior Facilities);

(II) the Hedging Liabilities (on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty); and

(III) the Senior Notes liabilities (other than sums owing to the Security Agent) (in accordance with the terms of the Senior Notes finance documents);

(IV) the liabilities of the Debtors owed to the arrangers of the Permitted Senior Financing Debt and the Permitted Senior Financing Liabilities (other than the liabilities owing to a Senior Creditor Representative) (in accordance with the terms of the Permitted Senior Financing Documents and, if there is more than one Permitted Senior Financing Agreement, on a pro rata basis between the Permitted Senior Financing Debt in respect of each Permitted Senior Financing Agreement);

on a pro rata basis and *pari passu* between the immediately preceding paragraphs (I), (II), (III) and (IV) above;

(vi) in payment to:

(A) each Senior Parent Notes Trustee on its own behalf and on behalf of the Senior Parent Note holders; and

(B) each Senior Parent Creditor Representative on its own behalf and on behalf of the arrangers under the Permitted Parent Financing Debt and the Permitted Parent Financing Creditors,

for application towards the discharge of:

(I) the Senior Parent Notes liabilities (other than any sums owing to the Security Agent) (in accordance with the terms of the Senior Parent Notes finance documents); and

(II) the liabilities of the Debtors owed to the arrangers of the Permitted Parent Financing Debt and the Permitted Parent Financing Liabilities (other than the liabilities owing to a Senior Parent Creditor Representative) (in accordance with the terms of the Permitted Parent Financing Documents and, if there is more than one Permitted Parent Financing Agreement, on a pro rata basis between the Permitted Parent Financing Debt in respect of each Permitted Parent Financing Agreement),

on a pro rata basis and pari passu between the immediately preceding paragraphs (I) and (II) above;

(vii) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(viii) the balance, if any, in payment to the relevant Debtor.

Liabilities of the Parent

All amounts from time to time received or recovered by the Security Agent from or in respect of the Parent pursuant to the terms of any debt document (other than in connection with the realization or enforcement of all or any part of the security) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law in the following order of priority:

(i) in accordance with paragraph (i) of the section captioned "*Application of Proceeds—Order of Application*;"

(ii) in accordance with paragraphs (iv) and (v) of the section captioned "*Application of Proceeds—Order of Application*," *provided* that payments will be made on a *pro rata* basis and *pari passu* between each of the payments referred to in paragraphs (iv) and (v);

(iii) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and

(iv) the balance, if any, in payment to the relevant Debtor.

Equalization of the Senior Secured Creditors

The Intercreditor Agreement provides that if, for any reason, any Senior Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Secured Creditors at the enforcement date (or, in the case of Recoveries resulting from the realization or enforcement of all or any part of the Transaction Security or a transaction in lieu thereof, in a manner reflecting the order of priority contemplated in the section captioned "*—Order of Application*"), the Senior Secured Creditors (subject, in the case of amounts owing to the applicable trustee, to the terms of the Intercreditor Agreement) will make such payments amongst themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions (or, as the case may be, to otherwise reflect the order of priority contemplated in the section captioned "*Application of Proceeds—Order of Application*").

Required Consents

The Intercreditor Agreement provides that, subject to certain exceptions, it and/or a security document may be amended or waived only with the written consent of:

(i) if the relevant amendment or waiver (the "Proposed Amendment") is prohibited by the Senior Facilities Agreement, the Senior Facility Agent (acting on the instructions of the requisite Senior Lenders in accordance with the applicable provisions of the Senior Facilities Agreement);

(ii) if the Proposed Amendment is prohibited by the terms of the relevant Senior Notes Indenture, the Senior Notes Trustee;

(iii) if any Permitted Senior Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Financing Agreement, the Senior Creditor Representative in respect of that Permitted Senior Financing Debt (if applicable, acting on the instructions of the Majority Permitted Senior Financing Creditors);

(iv) if the Proposed Amendment is prohibited by the terms of the relevant Senior Parent Notes Indenture, the Senior Parent Notes Trustee;

(v) if any Permitted Parent Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Parent Financing Agreement, the Senior Parent Creditor Representative in respect of that Permitted Parent Financing Debt (if applicable, acting on the instructions of the Majority Permitted Parent Financing Creditors);

(vi) if a Hedge Counterparty is providing hedging to a Debtor under a hedging agreement, that Hedge Counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Hedge Counterparty and is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable hedging agreement, as notified by the Parent to the Security Agent at the time of the relevant amendment or waiver);

(vii) Matterhorn Midco S.à.r.l. and any other investors as permitted under the Intercreditor Agreement; and

(viii) the Parent.

Notwithstanding the foregoing, any amendment or waiver of any Secured Debt Document that is made or effected in connection with any Debt Refinancing (see "*—Debt Refinancing*"), any incurrence of additional and/or refinancing debt (as referred to in "*—Ranking and Priority—Additional and/or Refinancing Debt*") or Non-Distressed Disposal (see "*—Proceeds of Disposals—Non-Distressed Disposals*") is binding on all parties to the Intercreditor Agreement.

The Intercreditor Agreement or a security document may be amended by the Parent and the Security Agent without the consent of any other party, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise for the benefit of all or any of the Secured Parties. Any amendment, waiver or consent which relates only to the rights or obligations applicable to creditors under a particular Debt Financing Agreement (and which does not materially and adversely affect the rights or interests of creditors under other Debt Financing Agreements) may be approved with only the consent of the agent in respect of that Debt Financing Agreement and the Parent.

Amendments and Waivers: Security Documents

Subject to the paragraph below and to certain exceptions under the Intercreditor Agreement and unless the provisions of any debt document expressly provide otherwise, the Security Agent may, if authorized by an Instructing Group, and if the Parent consents, amend the terms of, waive any of the requirements of or grant consents under, any of the security documents which shall be binding on each party.

Subject to the second and third paragraphs of the section captioned "—*Exceptions*" below, any amendment or waiver of, or consent under, any security document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed requires approval as set out under the section captioned "—*Required Consents.*"

Exceptions

Subject to the following paragraph of this "—*Exceptions*" section, an amendment, waiver or consent which adversely relates to the express rights or obligations of an agent, an arranger or the Security Agent (in each case in such capacity) may not be effected without the consent of that agent, that arranger or the Security Agent (as the case may be) at such time.

The foregoing shall not apply:

- to any release of security, claim or liabilities; or
- to any consent,

which, in each case, the Security Agent gives in accordance with the provisions set out in the caption "—*Proceeds of Disposals*" above.

The first paragraph of this "—*Exceptions*" section shall apply to an arranger only to the extent that the arranger liabilities are then owed to that arranger.

Agreement to Override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the debt documents to the contrary.

DESCRIPTION OF THE NOTES

The following is a description of the €250 million aggregate principal amount of 9.00%/9.75% Senior PIK Toggle Notes due 2019 (the "Notes"). The Notes were issued by Matterhorn Financing & Cy S.C.A., a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg (the "Issuer"), under an indenture to be dated the Issue Date, among, *inter alios*, the Issuer and Deutsche Bank AG, London Branch, as Trustee (the "Indenture").

General

In this "*Description of the Notes*", the "Issuer" refers only to Matterhorn Financing & Cy S.C.A., and any successor obligor to Matterhorn Financing & Cy S.C.A. on the Notes, and not to any of its subsidiaries.

The proceeds of the offering of the Notes will be used by the Issuer to repay share capital and/or share premium of Matterhorn Topco, together with any other fees, costs and expenses payable in connection therewith and to retain cash on the balance sheet of the Issuer, as set forth in this Offering Memorandum under the caption "*Use of Proceeds*."

The Notes were issued in private transactions that are not subject to the registration requirements of the Securities Act. See "*Notice to Investors*." The terms of the Notes include those stated in the Indenture and will not incorporate or include or be subject to any provisions of the Trust Indenture Act. The Notes will be subject to all such terms pursuant to the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The following is a summary of the material provisions of the Indenture and the Security Documents and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture in its entirety. Copies of the Indenture are available as described under "*Available Information*." You can find the definitions of certain terms used in this description under "*—Certain Definitions*."

Holding Company Structure

The Issuer is a holding company for its Subsidiaries, with no material operations of its own and only limited assets. Accordingly, the Issuer is dependent upon the receipt of funds from its Subsidiaries (whether in the form of dividends, advances or payments on account of intercompany obligations, including management fees) to service its debt obligations.

Claims of creditors of the Issuer's Subsidiaries holding debt and guarantees issued by such Subsidiaries, including the lenders under the Revolving Credit Facility Agreement, holders of the Senior Secured Notes, the Senior Notes and the Senior Unsecured Notes, secured creditors, trade creditors and claims of preferred stockholders (if any) of such Subsidiaries generally will have priority with respect to the assets and earnings of such Subsidiaries over the claims of the Issuer's creditors, including the holders of the Notes. The Notes, therefore, will be structurally subordinated to creditors (including trade creditors) and preferred stockholders, if any, of the Issuer's Subsidiaries. As of December 31, 2012, on a pro forma basis after giving effect to the Refinancing Transactions, the Issuer would have had Indebtedness consisting of the Notes outstanding. As of December 31, 2012, the Issuer's Subsidiaries had Indebtedness of approximately CHF 1,489 million outstanding and had an additional CHF 100 million available for revolving borrowings under the Revolving Credit Facility Agreement. Although the Indenture limits the incurrence of Indebtedness and the issuance of Disqualified Stock and Preferred Stock of the Issuer and its Restricted Subsidiaries, such limitation is subject to a number of significant qualifications and exceptions. See "*Risk Factors—Risks Related to the Notes and to Our Structure—The Issuer is a holding company dependent on cash flows from subsidiaries to meet its obligations on the Notes*."

Moreover, the Indenture will not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*."

Brief Description of the Notes

The Notes

The Notes, upon issuance:

- will be senior obligations of the Issuer;
- will be secured as set forth below under "*—Security*";

- will be senior in right of payment to any Subordinated Indebtedness of the Issuer; and
- will be structurally subordinated to the liabilities of the Issuer's Subsidiaries.

Principal and Maturity

The Issuer will issue €250 million in aggregate principal amount of Notes on April 17, 2013. The Notes will mature on April 15, 2019. The Notes were issued in minimum denominations of €100,000 and in integral multiples of €1 in excess thereof. PIK Notes (as defined below) may be issued in minimum denominations of €1. The Notes may only be transferred only in amounts of €100,000 or greater.

The rights of holders of beneficial interests in the Notes to receive the payments on the Notes will be subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest

Interest on the Notes will accrue at the rate of 9.00% per annum with respect to Cash Interest (as defined below) and 9.75% per annum with respect to any PIK Interest (as defined below). Interest on the Notes will be payable semi-annually in arrears on April 15 and October 15 of each year, commencing on October 15, 2013. The Issuer will make each interest payment to the Holders of record of the Notes on the immediately preceding April 1 and October 1. Interest on the Notes will accrue from the most recent date to which interest has been paid with respect to such Notes, or if no interest has been paid with respect to such Notes, from the date of original issuance thereof. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Under the Indenture, the Issuer will agree, and by acceptance of a beneficial interest in the Notes each beneficial owner of the Notes will be deemed to have agreed, among other things, for U.S. federal income tax purposes, to treat the Notes as indebtedness that is subject to the regulations governing contingent payment debt instruments, and to be bound by the Issuer's determination of the "comparable yield" and "projected payment schedule" with respect to the Notes. The discussion in this Offering Memorandum assumes that such treatment is correct. However, the characterization of instruments such as the Notes and the application of such regulations is uncertain in several respects. See "Certain U.S. Federal Income Tax Considerations—Characterization of the Notes."

Except as provided in this paragraph and the definition of "Applicable Amount", for any Interest Period, interest on the Notes shall be payable entirely in cash ("Cash Interest"). For any Interest Period after the initial Interest Period (other than the final Interest Period ending at Stated Maturity), if the Applicable Amount (as defined below) as determined on the Determination Date (as defined below) for such Interest Period:

(i) is equal to or exceeds 75%, but is less than 100%, of the aggregate amount of Cash Interest that would otherwise be due on the relevant interest payment date, then the Issuer may, at its option, elect to pay interest on up to 25% of the then outstanding principal amount of the Notes by increasing the principal amount of the outstanding Notes or by issuing PIK Notes (as defined below) in a principal amount equal to such interest ("PIK Interest");

(ii) is equal to or exceeds 50%, but is less than 75%, of the aggregate amount of Cash Interest that would otherwise be due on the relevant interest payment date, then the Issuer may, at its option, elect to pay interest on up to 50% of the then outstanding principal amount of the Notes as PIK Interest;

(iii) is equal to or exceeds 25%, but is less than 50%, of the aggregate amount of Cash Interest that would otherwise be due on the relevant interest payment date, then the Issuer may, at its option, elect to pay interest on up to 75% of the then outstanding principal amount of the Notes as PIK Interest; or

(iv) is less than 25% of the aggregate amount of Cash Interest that would otherwise be due on the relevant interest payment date, then the Issuer may, at its option, elect to pay interest on up to 100% of the then outstanding principal amount of the Notes as PIK Interest,

provided that, if the aggregate amount of cash and Cash Equivalents (net of any amount drawn in cash and outstanding under the Revolving Credit Facility Agreement and any local working capital facilities) of the Issuer and the Restricted Subsidiaries has an average daily balance of less than CHF 80 million for the period starting on the 45th day preceding the relevant interest payment date and ending on the 15th day preceding such interest payment date (the "Minimum Cash Balance"), determined on a pro forma basis to give effect to the payment of any Cash Interest payable under the Notes on such interest payment date, then the Issuer may, at its option, elect to pay PIK Interest on the Notes in such amount so that the Minimum Cash Balance would have been CHF 80 million over the same period and determined on the same basis. In such circumstances, the Issuer shall deliver an Officer's Certificate to the Trustee and the relevant Paying Agent (upon which the Trustee and the Paying Agent may conclusively rely without independent verification) on or prior to the eighth Business Day preceding the relevant Interest Payment Date, which Officer's Certificate shall set forth in reasonable detail the Issuer's determination of such pro forma calculation.

The insufficiency or lack of funds available to the Issuer to pay Cash Interest as required by the preceding paragraph shall not permit the Issuer to pay PIK Interest in respect of any Interest Period and the sole right of the Issuer to elect to pay PIK Interest shall be as (and to the extent) provided in the preceding paragraph.

As used herein,

(1) "Applicable Amount" shall be the amount equal to the sum (without duplication) of,

(i) the maximum amount of all dividends and other distributions that, as of the applicable Determination Date, would be permitted to be paid to the Issuer for the purpose of paying Cash Interest by all Restricted Subsidiaries after giving effect to all corporate, shareholder or other comparable actions required in order to make such payment, requirements of applicable law and all restrictions on the ability to make such dividends or distributions that are otherwise permitted by the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" (including, without limitation, any restrictions and limitations in the Revolving Credit Facility Agreement, the Senior Secured Notes Indentures, the Senior Notes Indenture or the Senior Unsecured Notes Indenture, other Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness under the Revolving Credit Facility Agreement, the Senior Secured Notes Indentures, the Senior Notes Indenture or the Senior Unsecured Notes Indenture) in existence on the Issue Date or any agreement that amends, modifies, renews, increases, supplements, refunds, replaces or refinances such Indebtedness) pursuant to the "restricted payments" covenants (including the "general basket" in respect thereof but excluding the other exceptions in respect thereof) contained in the Revolving Credit Facility Agreement, the Senior Notes Indenture, the Senior Secured Notes Indentures, the Senior Unsecured Notes Indenture and any other instrument or agreement governing Indebtedness of the Issuer or any of its Restricted Subsidiaries, the incurrence and terms of which do not violate the Indenture, net of all taxes or other deductions attributable solely to such dividend or distribution, if any, and, in each case, without regard to whether any such Restricted Subsidiary shall have any funds available to make any such dividends or distributions; and

(ii) all cash and Cash Equivalents on hand at the Issuer as of such Determination Date (other than any cash and Cash Equivalents on hand at the Issuer that has been distributed to the Issuer and the distribution of which is conditioned upon such cash and Cash Equivalents being utilized for a purpose which is not that of paying Cash Interest (including amounts permitted to be distributed to the Issuer solely for the purpose of paying taxes attributable to the Issuer's consolidated Subsidiaries) as the result of restrictions on the ability to make such dividends or distributions provided such restrictions are otherwise permitted by the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*" (including, without limitation, any restrictions and limitations in the Revolving Credit Facility Agreement, the Senior Secured Notes Indentures, the Senior Notes Indenture or the Senior Unsecured Notes Indenture, other Indebtedness of the Issuer and its Subsidiaries (other than Indebtedness under the Revolving Credit Facility Agreement, the Senior Secured Notes Indentures, the Senior Notes Indenture or the Senior Unsecured Notes Indenture) in existence on the Issue Date or any agreement that amends, modifies, renews, increases, supplements, refunds, replaces or refinances such Indebtedness)); provided that there shall be excluded from this clause (ii) any net proceeds from the Notes issued on the Issue Date and any cash and Cash Equivalents on hand to be used for payment of Cash Interest on the interest payment date next succeeding such Determination Date.

For the avoidance of doubt, calculation of the Applicable Amount shall not be a duty of the Trustee or any Paying Agent. If interest on the Notes with respect to an Interest Period will not be paid entirely as Cash Interest, the Applicable Amount shall be calculated by the Issuer and shall be set forth in an Officer's Certificate delivered to the Trustee (copied to the Principal Paying Agent) five Business Days prior to the commencement of the relevant Interest Period in which it is to be applied, which Officer's Certificate shall set forth in reasonable detail the Issuer's determination of each component of this definition and in the case of clause (i) identifying in reasonable detail the applicable restriction(s) and the maximum amount of funds that may be paid after giving effect to such restriction. The Trustee and Principal Paying Agent will be entitled to conclusively rely upon such Officer's Certificate without independent verification. To the extent the Issuer is required pursuant to the third preceding paragraph and the definition of Applicable Amount to pay Cash Interest for all or any portion of the interest due on any interest payment date, the Issuer shall and shall cause each of the Restricted Subsidiaries to take all such shareholder, corporate and other actions necessary or appropriate to permit the making of any such dividends or distribution (or, by virtue of the immediately following paragraph, loans or advances), provided that any such shareholder, corporate and other actions would not violate applicable law or cause a breach of any applicable contract; and

(2) "Determination Date" shall mean, with respect to each Interest Period, the 15th calendar day immediately prior to the first day of the relevant Interest Period.

In the event that the Issuer shall be entitled to pay PIK Interest for any Interest Period, then the Issuer shall deliver a notice to the Trustee (and copied to the Principal Paying Agent) following the Determination Date but not less than five Business Days prior to the commencement of the relevant Interest Period, which notice shall state the total amount of interest to be paid on such interest payment date and the amount of such interest to be paid as PIK Interest. The Issuer shall post such notice on its website and cause such notice to be delivered to Euroclear and Clearstream for communication to direct participants in any Global Note. For so long as Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will to the extent and in the manner permitted by such rules, post such notice on the official notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). Notwithstanding the foregoing, the delivery of such notice to the Trustee shall not restrict the Issuer's ability to pay, at its option, a greater portion of the interest on the Notes with respect to such Interest Period as Cash Interest. Interest for the first Interest Period commencing on the Issue Date and for the final Interest Period ending at Stated Maturity shall be payable entirely in Cash Interest.

If the Issuer pays a portion of the interest on the Notes as Cash Interest and as PIK Interest, such Cash Interest and PIK Interest shall be paid to Holders pro rata in accordance with their interests.

The ability of the Senior Unsecured Notes Issuer and its Subsidiaries to make dividends or distributions to the Issuer pursuant to the baskets in their debt instruments is subject to important exceptions. See "*Description of Certain Financing Arrangements*" and "*Risk Factors—Risks Related to the Notes and to Our Structure—The Issuer is a holding company dependent upon cash flow from subsidiaries to meet its obligations on the Notes*."

We estimate that as of December 31, 2012, the "*restricted payment*" capacity generated under our existing Revolving Credit Facility Agreement, the Senior Secured Notes Indenture, the Senior Notes Indenture or the Senior Unsecured Notes Indenture based on consolidated net income of the Senior Unsecured Notes Issuer would have been negative, in an amount of approximately CHF35 million to CHF40 million. As a result of the Transactions, the Issuer will receive CHF15 million of balance sheet cash and so will not be dependent on the generation of restricted payment capacity for the first interest payment on the Notes following the Issue Date.

The rights of holders of beneficial interests in the Notes to receive the payments of interest on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Notwithstanding anything to the contrary, the payment of accrued interest in connection with any redemption or repurchase of the Notes as described under "*—Optional Redemption*," "*—Redemption for Taxation Reasons,*" "*—Change of Control*" or "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" shall be made solely in cash.

Methods of Receiving Payments on the Notes

Principal, premium, if any, Cash Interest and Additional Amounts (as defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more Global Note registered in the name of or held by a nominee of the common depositary of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, Cash Interest and Additional Amounts, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents in the City of London and Luxembourg, in each case, maintained for such purposes. Interest, if payable in the form of PIK Notes, on any Definitive Registered Notes will be payable by the Issuer delivering to the Trustee and Paying Agent such PIK Notes in the relevant amount as Definitive Registered Notes and an order to authenticate such notes. See "*—Paying Agent and Registrar for the Notes*."

PIK Interest on the Notes will be payable (x) with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of Euroclear or Clearstream, as applicable on the relevant record date, by increasing the principal amount of the outstanding Global Note by an amount equal to the amount of PIK Interest for the applicable interest period (rounded up to the nearest euro) (a "PIK Payment") and (y) with respect to Notes represented by Definitive Registered Notes, by issuing additional Notes ("PIK Notes") in certificated form in an aggregate principal amount equal to the amount of PIK Interest for the applicable period (rounded up to the nearest whole euro), and the Trustee or its authenticating agent will, at the request of the Issuer, authenticate and deliver such PIK Notes in certificated form for original issuance to the Holders on the relevant record date, as shown by the records of the register of Holders. Following an increase in the principal amount of the outstanding Global Notes as a result of a PIK Payment, the Global Notes will bear interest on such increased principal amount from and after the date of such PIK Payment. Any PIK Notes issued in certificated form will be dated as of the applicable interest payment date and will bear interest from and after such date. All PIK Notes issued will mature on April 15, 2019 and will be governed by, and subject to the terms, provisions and conditions of, the Indenture and shall have the same rights and benefits as the Notes issued on the Issue Date. Any certificated PIK Notes will be issued with the description "PIK" on the face of such PIK Note. Unless the context otherwise requires, in this "*Description of the Notes*," references to the "Notes" include the Notes and any PIK Notes that are actually issued.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each a "Paying Agent") for the Notes in the City of London (the "Principal Paying Agent"). The Issuer will also undertake, to the extent possible, to use reasonable efforts to maintain a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC regarding the taxation of savings income (the "Directive"). The initial Principal Paying Agent for the Notes will be Deutsche Bank AG, London Branch in London.

The Issuer will also maintain one or more registrars (each, a "Registrar") with offices in Luxembourg, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange. The Issuer will also maintain a transfer agent in Luxembourg. The initial Registrar and transfer agent will be Deutsche Bank Luxembourg S.A. in Luxembourg. The Registrar and the transfer agent in Luxembourg will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any. Each transfer agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agent, Registrar or transfer agent for the Notes without prior notice to the Holders of the Notes. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Transfer and Exchange

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "144A Global Notes").
- The 144A Global Notes will, upon issuance, be deposited with and registered in the name of the common depositary (or its nominee) for the accounts of Euroclear and Clearstream.
- The Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes").

- The Regulation S Global Notes will, upon issuance, be deposited with and registered in the name of the common depositary (or its nominee) for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to Investors*." In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book-Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will, subject to the next sentence, be issued only in minimum denominations of €100,000 aggregate principal amount and integral multiples of €1 in excess thereof upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. PIK Notes in the form of Definitive Registered Notes issued from time to time in payment of accrued interest or Additional Amounts may be issued in minimum denominations of €1 (rounded to the nearest whole integer). It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in aggregate principal amount and integral multiples of €1 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

For the purposes of the International Central Securities Depositories, the denomination of the Notes should be considered as €1, and Euroclear and Clearstream are not required to monitor or enforce the minimum denomination or trade amount of €100,000.

Notwithstanding the foregoing, the Registrar is not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Registrar and the Paying Agents will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

On the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Issuer will be permitted to designate Restricted Subsidiaries (other than the Senior Unsecured Notes Issuer) as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

The obligations of the Issuer under the Notes will be secured by first-ranking security interests (the "*Security Interest*") granted on an equal and ratable first-priority basis over the shares of the Senior Unsecured Notes Issuer held by the Issuer and the shares of Matterhorn Midco GP (the "*Collateral*"). The pledges in respect of the Collateral are referred to as the "*Security Documents*."

Subject to certain conditions, including compliance with the covenant described under "*Certain Covenants—Impairment of Security Interest*," the Issuer is permitted to pledge the Collateral in connection with certain hedging obligations and future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, in each case, permitted under the Indenture and other Indebtedness of the Issuer and its Subsidiaries and on terms consistent with the relative priority of such Indebtedness.

Any other additional security interests that may in the future be pledged to secure obligations under the Notes and the Indenture would also constitute Collateral.

The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the Holders of the Notes. No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to the Notes and to our Structure—The collateral may not be sufficient to secure the obligations under the Notes*."

Security Documents

Under the Security Documents, the Issuer will grant security over the Collateral to secure the payment when due of the Issuer's payment obligations under the Notes and the Indenture. The Security Documents will be entered into among the Issuer and the Security Trustee. The Security Trustee will enter into the Security Documents in its own name, but for the benefit of the Holders from time to time. The Security Documents provide that the rights with respect to the Notes and the Indenture must be exercised by the Security Trustee. Since the Holders are not a party to the Security Documents, Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The Holders may only act through the Security Trustee.

The Indenture will provide that, subject to the terms thereof and of the Security Documents, the Notes and the Indenture will be secured by the Security Interest in the Collateral until all obligations under the Notes and the Indenture have been discharged. However, please see the sections entitled "*—Release of Liens*," "*Risk Factors—Risks Related to the Notes and to Our Structure*."

In the event that the Issuer enters into insolvency, bankruptcy or similar proceedings, the Security Interest created under the Security Documents could be subject to potential challenges. If any challenge to the validity of the Security Interest was successful, the Holders may not be able to recover any amounts under the Security Documents. Please see the section entitled "*Risk Factors—Risks Related to the Notes and to Our Structure*."

Release of Liens

The Issuer will be entitled to release the Security Interest in respect of the Collateral securing the Notes under any one or more of the following circumstances:

(1) as described under "*—Amendments and Waivers*";

(2) upon payment in full of principal, interest and all other obligations on the Notes or defeasance or discharge of the Notes, as provided in "—*Defeasance*" and "—*Satisfaction and Discharge*"; or

(3) as otherwise permitted in accordance with the Indenture and the Security Documents.

In addition, the Security Interest created by the Security Documents will be released as may be permitted by the covenant described under "Certain Covenants—Impairment of Security Interest."

The Security Trustee and the Trustee will take all necessary action required to effectuate any release of Collateral securing the Notes, in accordance with the provisions of the Indenture and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Trustee without the consent of the Holders or any action on the part of the Trustee.

Optional Redemption

Except as set forth herein and under "—*Redemption for Taxation Reasons*," the Notes are not redeemable at the option of the Issuer.

At any time and from time to time on or after October 15, 2014, the Issuer may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to the redemption date:

Twelve month period commencing on October 15 in	Notes
2014	102.00%
2015	101.00%
2016 and thereafter	100.00%

At any time and from time to time prior to October 15, 2014, the Issuer may redeem the Notes with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to 109.00% plus accrued and unpaid interest to the redemption date, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes, *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 60% of the original principal amount of the Notes being redeemed remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

In addition, prior to October 15, 2014, the Issuer may redeem all or, from time to time, a part of the Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

"*Applicable Premium*" means, with respect to any Note, the greater of:

(A) 1% of the principal amount of such Note; and

(B) the excess (to the extent positive) of: (a) the present value at such redemption date of (i) the redemption price of such Note at October 15, 2014 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—Optional Redemption" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over (b) the outstanding principal amount of such Notes;

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or any Paying Agent.

"Bund Rate" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to October 15, 2014; *provided, however*, that if the period from the redemption date to October 15, 2014 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to October 15, 2014 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

General

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering).

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Sinking Fund

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee or the Registrar, as applicable, will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee or the Registrar, as applicable, by the Issuer, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribe no method of selection, on a *pro rata* basis or by use of a pool factor; *provided*, *however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1 will be redeemed. Neither the Trustee nor the Registrar will be liable for any selections made by it in accordance with this paragraph.

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, any such notice to the Holders of the relevant Notes shall to the extent and in the manner permitted by such rules be posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*) and in addition to such release, not less than 10 days nor more than 60 days prior to the redemption date, the Issuer will mail, or at the expense of the Issuer, cause to be mailed, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may also be posted on the website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Issuer or Successor Issuer, as defined below, may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days notice to the Holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "—*Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer or Successor Issuer determine in good faith that, as a result of:

(1) any change in, or amendment to, the law (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

the Issuer or Successor Issuer are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer or Successor Issuer (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and would not cause the Issuer to incur material additional out-of-pocket costs, but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of the Successor Issuer. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—*Selection and Notice*." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer or Successor Issuer has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is incorporated or organized or any political subdivision or taxing authority or agency thereof or therein.

Withholding Taxes

All payments made by the Issuer or a Successor Issuer (a "Payor") on the Notes will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Luxembourg or any political subdivision or Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note is made by the Issuer, Successor Issuer or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is incorporated or organized, resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "Relevant Taxing Jurisdiction"),

will at any time be required from any payments made by a Payor with respect to any Note, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts," in cash or in the form of additional PIK Notes), as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received in respect of such payments on any such Note in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment or a dependent agent in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment in respect thereof;

(2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by applicable law, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes;

(4) any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar Taxes;

(5) any Taxes that are required to be deducted or withheld on a payment to an individual and that are required to be made pursuant to Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directives or pursuant to the Luxembourg law of December 23, 2005 introducing a withholding tax on certain savings income paid to Luxembourg;

(6) any Taxes imposed in connection with a Note presented for payment (where presentation is required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent; or

(7) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required for payment) within 15 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (7) inclusive above.

In addition, no Additional Amounts shall be paid with respect to any payment to any Holder who is a fiduciary or a partnership or other than the sole beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Issuer and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Issuer. To the extent that the Issuer is required by law or by the interpretation or administration thereof to make any deduction or withholding from any payment of interest on the Notes or any payment of an Additional Amount which, in either case, is made through the issuance of PIK Notes, the foregoing provisions shall apply with respect to such withholding or deduction requirement, *mutatis mutandis*.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on any Note, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Principal Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Principal Paying Agent will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the Indenture or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other property or similar Taxes that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than a transfer or exchange of the Notes) excluding any such Taxes imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction. The foregoing obligations of this "Withholding Taxes" section will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (equal to €100,000 aggregate principal amount and integral multiples of €1 in excess thereof), of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obliged to repurchase Notes as described under this "*—Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "Change of Control Offer") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% (or, with respect to a Change of Control set forth in clause (4) of the definition of "Change of Control," 100%) of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the principal Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the relevant Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or its authenticating agent will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in an aggregate principal amount that is at least €100,000 and integral multiples of €1 in excess thereof.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations, or require a repurchase of the Notes, under the Change of Control provisions of the Indenture by virtue of the conflict.

Under the Revolving Credit Facility Agreement, the occurrence of a change of control of the Senior Secured Notes Issuer or its Subsidiaries will require the repayment of such debt, and existing securities of the Senior Secured Notes Issuer, the Senior Notes Issuer and the Senior Unsecured Notes Issuer would also require such companies to make offers to repurchase such securities upon a Change of Control. Future debt of the Senior Unsecured Notes Issuer or its Subsidiaries may provide that a Change of Control is a default or requires repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. The Senior Secured Notes, the Senior Notes and the Senior Unsecured Notes restrict the amount of funds that can be paid to the Issuer by its Subsidiaries, which would limit the ability of the Issuer to purchase the Notes in the Change of Control Offer. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Related to the Notes and to Our Structure— We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.*"

Holders of the Notes may not be entitled to require the Issuer to purchase their Notes in certain circumstances involving a significant change in the composition of the Issuer's board of directors, including in connection with a proxy contest, where the Issuer's board of directors initially publicly opposes the election of a dissident slate of directors, but subsequently approves such directors for the purposes of the Indenture. This may result in a change in the composition of the board of directors that, but for such subsequent approval, would have otherwise constituted a Change of Control requiring a repurchase offer under the terms of the Indenture. In addition, you should note that case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, the Issuer may nevertheless avoid triggering a change of control under a clause similar to clause (2) of the definition of "Change of Control", if the outgoing directors were to approve the new directors for the purpose of such change of control clause.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all", there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

Certain Covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that (a) the Issuer may Incur Indebtedness (provided that such Indebtedness has a final maturity at the time such Indebtedness is Incurred that is the same or later than the final stated maturity of the Notes) if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Consolidated Leverage Ratio for the Issuer and its Restricted Subsidiaries is less than 4.75 to 1.0 and (b) the Senior Unsecured Notes Issuer and any of its Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Consolidated Leverage Ratio for the Senior Unsecured Notes Issuer and its Restricted Subsidiaries is less than 4.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred by any Restricted Subsidiary pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees by any Restricted Subsidiary in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) CHF 700 million, plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing, less (iii) the aggregate amount of all Net Available Cash from Asset Dispositions since February 10, 2012 applied by any Restricted Subsidiary pursuant to the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*" to repay any Indebtedness under any Credit Facility incurred pursuant to this clause (1) (and to permanently reduce commitments thereunder);

(2) (a) Guarantees by any Restricted Subsidiary of Indebtedness of any Restricted Subsidiary; or

(b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

    (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary; and

    (b) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary,

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) any Indebtedness of any Restricted Subsidiary (other than Indebtedness initially Incurred under clauses (1) and (3) of this paragraph) outstanding on the Issue Date, including €150,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2019 issued by the Senior Secured Notes Issuer on February 10, 2012, CHF 450,000,000 aggregate principal amount of original 6.75% Senior Secured Notes due 2019 issued by the Senior Secured Notes Issuer on February 10, 2012, the Senior Notes, the Senior Unsecured Notes, the loans of the proceeds of and the guarantees of and security granted with respect to the Senior Notes and the Senior Unsecured Notes, (b) the Notes issued on the Issue Date and PIK Notes issued from time to time in payment of accrued interest or Additional Amounts on the Notes, (c) any Indebtedness of the Orange Group outstanding on the Completion Date and (d) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (e) Management Advances;

(5) Indebtedness of any Person (i) Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary or another Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) any Restricted Subsidiary or (ii) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by a Restricted Subsidiary; *provided, however*, with respect to each of clause (5)(i) and (5)(ii), that at the time of such acquisition or other transaction (x) the Senior Unsecured Notes Issuer would have been able to Incur CHF 1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Consolidated Leverage Ratio of the Senior Unsecured Notes Issuer would not be greater than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness of the Issuer or any Restricted Subsidiary under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Issuer or any Restricted Subsidiary and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Issuer);

(7) Indebtedness of any Restricted Subsidiary represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of (A) CHF 50 million and (B) 2.9% of Total Assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, including in relation to a governmental requirement to provide a guarantee or bond for any spectrum acquisition, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, including in relation to a governmental requirement to provide a letter of credit, guarantee or similar obligation for any spectrum acquisition; *provided, however*, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(b) Customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;

(11) Indebtedness of any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of CHF 60 million and 3.5% of Total Assets;

(12) Indebtedness of any Restricted Subsidiary in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Issuer, in each case, subsequent to February 10, 2012; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "—*Limitation on Restricted Payments*" to the extent any Restricted Subsidiary incurs Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "—*Limitation on Restricted Payments*" in reliance thereon;

(13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;

(14) Indebtedness under daylight borrowing facilities incurred in connection with the Refinancing Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred; and

(15) Indebtedness of any Restricted Subsidiary consisting of local lines of credit or working capital facilities not exceeding CHF 25 million outstanding at one time.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the Revolving Credit Facility Agreement, the CHF 180,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2019 issued by the Senior Secured Notes Issuer on September 11, 2012 and the €180,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2019 issued by the Senior Secured Notes Issuer on February 16, 2012, shall be deemed initially Incurred under clause (1) of the second paragraph of the description of this covenant and not the first paragraph or clause (4)(a) of the second paragraph of the description of this covenant, and any Indebtedness Incurred under clause (1) of the second paragraph of the description of this covenant may not be reclassified pursuant to clause (1) of this paragraph;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (12) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, including a change of IFRS to U.S. GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*." The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of "Indebtedness."

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any CHF-denominated restriction on the Incurrence of Indebtedness, the CHF Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Issuer, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than CHF, and such refinancing would cause the applicable CHF-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such CHF-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced; (b) the CHF Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in CHF, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the CHF Equivalent of such amount plus the CHF Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Issuer's or any of its Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

(b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*"); or

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "Restricted Payment"); *provided* that the Issuer or any Restricted Subsidiary may make a Restricted Payment (but, other than in respect of Restricted Investments, only to the extent that an Initial Public Offering has occurred) if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) no Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Senior Unsecured Notes Issuer or any Restricted Subsidiary is able to Incur an additional CHF 1.00 of Indebtedness pursuant to the first paragraph under the "—*Limitation on Indebtedness*" covenant after giving effect, on a pro forma basis, to such Restricted Investment; and

(c) the aggregate amount of such Restricted Investment and all other Restricted Payments made subsequent to Issue Date and Permitted Payments permitted below by clauses (6), (10), (11) and (12) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would not exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange);

(iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided*, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (iv); and

(v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Issuer or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Issuer; and

(B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Issuer or a Restricted Subsidiary;

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included under this clause (v); *provided further*, *however*, that such amount shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c). Upon a Specified Change of Control Event, all amounts calculated pursuant to this clause (c) shall be reset to zero and all references to February 10, 2012 or the Issue Date in this clause (c) shall thereafter refer to the date of such Specified Change of Control Event.

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by the Board of Directors of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

  (a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Issuer shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

  (b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

  (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) CHF 7.5 million plus (2) CHF 2.5 million multiplied by the number of calendar years that have commenced since February 10, 2012 plus (3) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since February 10, 2012 (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—*Limitation on Indebtedness*" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) the proceeds of the offering of the Notes offered hereby, amounts constituting or to be used for purposes of making payments (i) of fees and expenses Incurred in connection with the Refinancing Transactions or disclosed in the Offering Memorandum and the offering memoranda relating to the Senior Secured Notes, the Senior Notes or the Senior Unsecured Notes or (ii) to the extent specified in clauses (2), (3), (5), (7), (11) and (12) of the second paragraph under "—*Limitation on Affiliate Transactions*;"

(10) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or loaned as Subordinated Shareholder Funding to the Issuer and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio of the Issuer and its Restricted Subsidiaries shall be equal to or less than 2.75 to 1.00 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio of the Issuer and its Restricted Subsidiaries shall be equal to or less than 3.125 to 1.00;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (but, other than in respect of Restricted Investments, only to the extent that an Initial Public Offering has occurred) made subsequent to the Issue Date in an aggregate amount outstanding at any time not to exceed 3.5% of Total Assets *less* CHF 90 million;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors of the Issuer);

(13) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; *provided*, *however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate, the issuance of Designated Preference Shares) of the Issuer or loaned as Subordinated Shareholder Funding to the Issuer, from the issuance or sale of such Designated Preference Shares;

(15) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries; and

(16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

Limitation on Liens

The Issuer will not, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (i) Permitted Liens or (ii) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a) (ii) of the preceding paragraph will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien to which it relates.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer;

(B) make any loans or advances to the Issuer; or

(C) sell, lease or transfer any of its property or assets to the Issuer,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Finance Documents) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issued Date, including the Senior Secured Notes Indentures, the Senior Notes Indenture or the Senior Unsecured Notes Indenture;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer);

(4) any encumbrance or restriction:

   (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

   (b) contained in mortgages, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges or other security agreements; or

   (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to February 10, 2012 pursuant to the provisions of the covenant described under "—Limitation on Indebtedness" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Revolving Credit Facility Agreement and the Intercreditor Agreement, together with the security documents associated therewith

as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Issuer) or where the Issuer determines when such Indebtedness is incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Notes;

(12) any encumbrance or restriction existing by reason of any lien permitted under "—Limitation on Liens"; or

(13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing.

Limitation on Sales of Assets and Subsidiary Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Issuer, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer or such Restricted Subsidiary, as the case may be:

(a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), to prepay, repay or purchase any Indebtedness of any Subsidiary (in each case, other than Indebtedness owed to any Restricted Subsidiary) or Indebtedness under the Revolving Credit Facility Agreement (or any Refinancing Indebtedness in respect thereof) within 425 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or

(b) to the extent the Issuer or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Issuer or another Restricted Subsidiary) within 425 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided*, *however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 425th day,

provided that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute "Excess Proceeds" under the Indenture. On the 426th day after an Asset Disposition, or at such earlier date that the Issuer elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds CHF 25 million, the Issuer will be required to make an offer ("Asset Disposition Offer") to all Holders of Notes issued under the Indenture to purchase the maximum aggregate principal amount of Notes that may be purchased out of the Excess Proceeds, at an offer price in an amount equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture, and in minimum denominations of €100,000 and in integral multiples of €1 in excess thereof. The Issuer will give notice of such Asset Disposition Offer to the Trustee on the same day.

To the extent that the aggregate amount of Notes so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in CHF, including the Notes, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their CHF Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Issuer will purchase the aggregate principal amount of Notes required to be purchased pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes or portions of Notes so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the Global Note), and the Trustee or its authenticating agent, upon delivery of an Officer's Certificate from the Issuer, will authenticate (or cause to be authenticated) and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Issuer or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer) and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of CHF 25 million and 1.45% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (an "Affiliate Transaction") involving aggregate value in excess of CHF 10 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of CHF 25 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's length basis. The Trustee will be entitled to conclusively rely upon such letter, without independent verification, that the conditions of this covenant have been satisfied.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (l)(b), (2) and (11) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Refinancing Transactions and the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on February 10, 2012, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;

(11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual customary management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed CHF 4 million per year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Board of Directors of the Issuer in good faith;

(12) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries; and

(13) any transaction effected as part of a Qualified Receivables Financing.

Impairment of Security Interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Trustee, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except that the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged and released in accordance with the Indenture and the applicable Security Documents; *provided*, *however*, that, except with respect to any discharge or release in accordance with the Indenture, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture, the Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Security Documents, so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Trustee shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Reports

For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

(1) within 120 days after the end of the Senior Notes Issuer's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Senior Notes Issuer or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Senior Notes Issuer or its predecessor for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited pro forma income statement information and balance sheet information of the Senior Notes Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Senior Notes Issuer, and a discussion of material commitments and contingencies and critical accounting policies, with a similar scope to that included in this Offering Memorandum; (d) description of the business, management and shareholders of the Senior Notes Issuer, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; (e) a description of material risk factors and material recent developments; and (f) a brief description of the material differences in the financial condition and results of operations between the Issuer and the Senior Notes Issuer and a statement of the Issuer's total debt, EBITDA and cash interest expense on a consolidated basis;

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Senior Notes Issuer beginning with the quarter ending March 31, 2013, all quarterly reports of the Senior Notes Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year period, together with condensed footnote disclosure; (b) unaudited pro forma income statement information and balance sheet information of the Senior Notes Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Senior Notes Issuer, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; (d) material recent developments; and (e) a brief description of the material differences in the financial condition and results of operations between the Issuer and the Senior Notes Issuer and a statement of the Issuer's total debt, EBITDA and cash interest expense on a consolidated basis; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Issuer or change in auditors of the Issuer or the Senior Notes Issuer or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and pro forma financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that (A) the reports set forth in clauses (1), (2) and (3) above may, (x) in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods and (y) to the extent comparable prior period financial information of the Senior Notes Issuer does not exist, the comparable prior period financial information of Orange Group may be provided in lieu thereof and (B) the Issuer may elect to become the reporting entity in place of the Senior Notes Issuer, after which election, references to the "Senior Notes Issuer" in the definition of "IFRS" and clauses (1), (2) and (3) above shall be deemed to refer to the Issuer, and clauses (1)(f) and (2)(e) of this the first paragraph of this covenant shall no longer apply. Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Senior Notes Issuer. The filing of an Annual Report on Form 20-F within the time period specified in clause (1) will satisfy such provision.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries, which reconciliation shall include the following items: revenues, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Issuer in good faith) or (b) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, at the offices of the Listing Agent in Luxembourg.

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Merger and Consolidation

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Issuer") will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes, the Indenture and the Security Documents;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such

transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Senior Unsecured Notes Issuer would be able to Incur at least an additional CHF 1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, in form and substance reasonably satisfactory to the Trustee), provided that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*."

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2), (3) and (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary of the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer, (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary and (c) the Issuer and its Restricted Subsidiaries may undertake the Refinancing Transactions. Notwithstanding the preceding clauses (2), (3) and (4), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary as a Restricted Subsidiary of the Issuer.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "*—Limitation on Restricted Payments*," "*—Limitation on Indebtedness*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Affiliate Transactions*," "*—Limitation on Sales of Assets and Subsidiary Stock*" and "*—Lines of Business*," and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation*," and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. The Issuer shall notify the Trustee that a Suspension Event has occurred and when such Suspension Event ceases to have effect, provided that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of such Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Issuer's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(a) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*."

Lines of Business

The Issuer will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to such extent as would not be material to the Issuer and its Restricted Subsidiaries, taken as a whole.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with any of the Issuer's obligations under the covenants described under "*—Change of Control*" above or under the covenants described under "*—Certain Covenants*" above (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(4) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision"); and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates CHF 20 million or more;

(6) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Senior Notes Issuer), would constitute a Significant Subsidiary (the "bankruptcy provisions");

(7) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Senior Notes Issuer), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of CHF 20 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "judgment default provision"); and

(8) any Security Interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such Security Interest in accordance with the terms of the Indenture or the Security Documents or any such Security Interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such Security Interest is invalid or unenforceable and any such Default continues for 10 days (the "security default provision").

However, a default under clauses (3), (4), (5) or (7) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% in aggregate principal amount of the outstanding Notes notify the Issuer of the default and, with respect to clauses (3), (4), (5) and (7), the Issuer does not cure such default within the time specified in clauses (3), (4), (5) or (7), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (6) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (5) under "Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (5) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (6) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security reasonably satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee reasonable security and/or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification reasonably satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in the Security Documents.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, without the consent of Holders holding not less than 90% of the then outstanding aggregate principal amount of Notes affected, an amendment or waiver may not, with respect to any such Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*—Optional Redemption*";

(5) make any such Note payable in money other than that stated in such Note;

(6) impair the right of any Holder to receive payment of principal of and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all the Security Interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents and/or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(10) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision to this "*Description of the Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuer under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect;

(6) at the Issuer's election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act, if such qualification is required;

(7) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*—Certain Covenants—Limitation on Indebtedness*," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture or the Security Documents;

(8) in the case of the Security Documents, to the extent necessary to grant a security interest in the Collateral for the benefit of any Person, provided that the granting of such security interest is not prohibited by the Indenture and the covenant described under "*Certain Covenants—Impairment of Security Interest*" is complied with; or

(9) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee or Security Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Trustee to any Note Document.

In formulating its decisions on such matters, the Trustee shall be entitled to receive and to rely absolutely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel without independent verification.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Acts by Holders

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Defeasance

The Issuer at any time may terminate all its obligations under the Notes and the Indenture ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and its Restricted Subsidiaries' obligations under the covenants described under "*—Certain Covenants*" (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and its Significant Subsidiaries and the judgment default provision and the security default provision described under "*—Events of Default*" above ("covenant defeasance").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation*"), (4), (5), (6), (7) or (8) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or such entity designated by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and Discharge

The Indenture and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such entity designated by the Trustee for this purpose), euros or euro-denominated European Government Obligations or a combination thereof, as applicable in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). The Trustee will be entitled to conclusively rely upon such Officer's Certificate and Opinion of Counsel, without independent verification, that the conditions of this covenant have been satisfied.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

Deutsche Bank AG, London Branch is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, by giving 30 days written notice in either case, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest in its capacity as trustee that is not eliminated or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without gross negligence, willful misconduct or negligence on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, notices with respect to the Notes will be published in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered to Euroclear and Clearstream, each of which will give such notices to their participants. Such notices may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer for the payment of principal, or premium, if any, on the Notes will be prescribed five years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed three years after the applicable due date for payment of interest.

Currency Indemnity and Calculation of CHF-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer will only constitute a discharge to the Issuer to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer will indemnify the recipient or the Trustee against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any CHF-denominated restriction herein, the CHF Equivalent amount for purposes hereof that is denominated in a non-CHF currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-CHF amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since substantially all the assets of the Issuer are held by Subsidiaries located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Acquisition*" means the acquisition of Orange by the Senior Secured Notes Issuer pursuant to the Acquisition Agreement.

"*Acquisition Agreement*" means the sale and purchase agreement, dated as of December 23, 2011, by and among the Senior Secured Notes Issuer, Atlas Services Belgium and France Telecom SA, as it may be amended from time to time.

"*Additional Assets*" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary of the Issuer; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Issuer.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory or other assets in the ordinary course of business;

(4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than CHF 40 million or, if greater, 2.3% of Total Assets;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors of the Issuer shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); *provided*, *further*, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (17), does not exceed CHF 50 million or, if greater, 2.9% of Total Assets;

(18) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and

(19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. For the purposes of the definition of Change of Control only, Board of Directors of the Issuer shall mean the Issuer's supervisory board or its managing board. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Zurich, Switzerland, Luxembourg, London, United Kingdom, or New York, New York, United States are authorized or required by law to close; *provided*, *however*, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("TARGET") payment system is open for the settlement of payments.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any commercial lending institution or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €500 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Change of Control*" means:

(1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, provided that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;

(2) following the Initial Public Offering of the Issuer or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors

(excluding any employee representatives, if any) on the Board of Directors of the Issuer or any Parent (together with any new directors whose election by the majority of such directors on such Board of Directors of the Issuer or any Parent or whose nomination for election by shareholders of the Issuer or any Parent, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of the Issuer or any Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Issuer or any Parent, then in office;

(3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders; or

(4) the Issuer shall fail to own directly or indirectly 100% of the issued and outstanding Voting Stock of the Senior Unsecured Notes Issuer, excluding (A) treasury shares and (B) directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly-Owned Subsidiary of the Issuer,

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

"*CHF Equivalent*" means, with respect to any monetary amount in a currency other than CHF, at any time of determination thereof by the Issuer or the Trustee, the amount of CHF obtained by converting such currency other than CHF involved in such computation into CHF at the spot rate for the purchase of CHF with the applicable currency other than CHF as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Issuer) on the date of such determination.

"*Clearstream*" means Clearstream Banking, a *société anonyme* as currently in effect or any successor securities clearing agency.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Completion Date*" means the date of the completion of the Acquisition.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense and Receivables Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense;

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful) in each case, as determined in good faith by an Officer of the Issuer;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain Covenants—Limitation of Affiliate Transactions*" and any brand or management fees or charges paid or to be paid to France Telecom and/or its Affiliates; and

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Issuer as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of any of the Senior Unsecured Notes Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Senior Unsecured Notes Issuer and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount, debt issuance cost and premium;

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations;

(6) dividends on other distributions in respect of all Disqualified Stock of the Senior Unsecured Notes Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Senior Unsecured Notes Issuer or a Subsidiary of the Senior Unsecured Notes Issuer;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Senior Unsecured Notes Issuer or any of its Restricted Subsidiaries under any Guarantee of Indebtedness or other obligation of any other Person.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries or the Senior Unsecured Notes Issuer and its Restricted Subsidiaries, as applicable (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements are available; *provided*, *however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such

Investment or acquisition, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period;

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period; and

(4) since the beginning of such period, a transfer of shares of, or other transaction has occurred or is contractually committed with respect to, any Restricted Subsidiary, that constitutes an event that is contemplated by clause (i) of the definition of "Specified Change of Control Event" (any such transaction, a "Specified Change of Control Transaction"), and solely for the purposes of making the determination pursuant to clause (i) of "Specified Change of Control Event," Consolidated EBITDA for such period shall be calculated after giving pro forma effect thereto (including any cost savings and synergies that can reasonably expected to be obtained from cooperation and other arrangements associated with the Specified Change of Control Transaction) as if such Specified Change of Control Transaction (including such cost savings and synergies associated with the Specified Change of Control Transaction) had occurred on the first day of such period; *provided* that any determination made pursuant to the definition of "Consolidated Leverage Ratio" shall also give effect to any payments required under the Acquisition Agreement with respect to such Specified Change of Control Transaction.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Issuer (including in respect of cost savings and synergies) and (b) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

"*Consolidated Net Income*" means, for any period, with respect to the Issuer or the Senior Unsecured Notes Issuer, as applicable, the net income (loss) of such Person and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's or the Senior Unsecured Notes Issuer's (as applicable) equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to Issuer or the Senior Unsecured Notes Issuer, as applicable, or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer of the Issuer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or the Senior Unsecured Notes Issuer (as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, and (c) restrictions specified in the second paragraph of the covenant described under "*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," except that the Issuer's or the Senior Unsecured Notes Issuer's (as applicable) equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period

to the Issuer or the Senior Unsecured Notes Issuer (as applicable) or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or the Senior Unsecured Notes Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge (including for the avoidance of doubt, (i) any rebranding of the business (or any part thereof); (ii) any separation of the business from the seller and/or its Affiliates (including any working capital impact); (iii) any spectrum related fees payable on or prior to December 31, 2013; and/or (iv) any tax referable to any payments, dividends or other distributions made or declared intra-group) or any charges or reserves in respect of any restructuring, redundancy or severance expense or other costs related to the Refinancing Transactions, in each case, as determined in good faith by the Issuer;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or the Senior Unsecured Notes Issuer (as applicable) or any Restricted Subsidiary thereof owing to the Issuer or the Senior Unsecured Notes Issuer (as applicable) or any Restricted Subsidiary thereof;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Issuer or the Senior Unsecured Notes Issuer (as applicable) and its Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment charge, amortization or write-off;

(13) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means one or more debt facilities, indentures or other arrangements (including the Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Revolving Credit Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*CVC*" means any funds or limited partnerships managed or advised by CVC Capital Partners SICAV—FIS S.A. or any of its Affiliates or direct or indirect Subsidiaries or any trust, fund, company or partnership owned, managed or advised by CVC Capital Partners SICAV—FIS S.A. or any of its Affiliates or direct or indirect Subsidiaries or any limited partner of any such trust, fund, company or partnership.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Issuer having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Issuer shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Issuer or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*."

"*Equity Contribution*" means the contribution to the Senior Secured Notes Issuer of shareholder funds on the Completion Date as part of the Refinancing Transactions.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Issuer or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*euro*" means the official currency of the European Union and, to the extent such currency ceases to exist, an equivalent amount of Swiss francs as mandated by the Swiss Central Bank with respect to the Notes and an equivalent amount of Swiss francs as mandated by the Central Bank of Luxembourg with respect to the Profit Participating Loans.

"*Euroclear* " means Euroclear Bank SA/NV, or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of Belgium, the Netherlands, France, Germany or any Permissible Jurisdiction, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means all members of the European Union as of January 1, 2004.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after February 10, 2012 or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*fair market value*" may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "Hedging Agreement").

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the nominee of the common depositary of Clearstream and Euroclear.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) ("IFRS") endorsed from time to time by the European Union or any variation thereof with which the Senior Notes Issuer or its Restricted Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date, the Senior Notes Issuer may make an irrevocable election to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on February 10, 2012, any asset retirement obligations, any prepayments of deposits received from clients or customers in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to February 10, 2012 or in the ordinary course of business. For the avoidance of doubt and notwithstanding the above, the term "Indebtedness" excludes any accrued expenses, trade payables and amounts payable in respect of Operating IRUs.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;

(ii) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Interest Period*" means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and include the day immediately preceding the first scheduled interest payment date.

"*Initial Investors*" means Apax Partners LLP and any funds or partnerships managed or advised, directly or indirectly, by Apax Partners LLP or an Affiliate thereof, and, solely in their capacity as such, any limited partner of any such partnership or fund.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment* " means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "—*Certain Covenants—Limitation on Restricted Payments*:"

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Issuer's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Issuer in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when the Notes receive both of the following:

(1) a rating of "BBB-" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's;

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means April 17, 2013.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Issuer;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding CHF 6.0 million in the aggregate outstanding at any time.

"*Management Investors*" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Matterhorn Midco GP*" means Matterhorn Midco S.à r.l.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"*Note Documents*" means the Notes (including the PIK Notes), the Indenture and the Security Documents.

"*Offering Memorandum*" means this offering memorandum in relation to the Notes.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Director, any Manager or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the relevant Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Operating IRU*" means an indefeasible right of use of, or operating lease or payable for lit or unlit fiber optic cable or telecommunications conduit or the use of either thereof for a period constituting all or substantially all of the expected useful life thereof.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Orange*" means Orange Communications SA.

"*Orange Group*" means Orange together with its Subsidiaries.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Refinancing Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Refinancing Transactions or the ownership, directly or indirectly, by any Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Refinancing Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed CHF 5 million in any fiscal year; and

(7) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

    (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

    (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

    (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permissible Jurisdiction*" means any member state of the European Union (other than Greece, Ireland, Portugal and Italy).

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*."

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral that are described in one or more of clauses (3), (4) and (9) of the definition of "*Permitted Liens*" and, in each case, arising by law or that would not materially interfere with the ability of the Security Trustee to enforce the Security Interest in the Collateral;

(2) Liens on the Collateral to secure the Notes permitted under the Indenture and Liens on the Collateral to secure any Refinancing Indebtedness in respect thereof; and

(3) Liens on the Collateral to secure Indebtedness of the Issuer permitted to be Incurred in accordance with the first paragraph and under clause (6) of the covenant entitled "*Certain Covenants—Limitation on Indebtedness*."

"*Permitted Holders*" means, collectively, (1) the Initial Investors and any Affiliate thereof, (2) Senior Management, (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity and (4) for the avoidance of doubt, only pursuant to a transaction that is also a Specified Change of Control Event, (a) CVC and any funds or partnerships managed or advised by CVC or an Affiliate thereof, and, solely in their capacity as such, any limited partner of any such partnership or fund, (b) Sunrise (provided that there has been no change of control under the Sunrise Senior Facilities Agreement) and (c) any Affiliate of the foregoing. Any person or group whose acquisition of beneficial ownership constitutes (i) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (ii) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition (but excluding a Permitted Asset Swap), in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*;"

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*;"

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed CHF 65 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of this definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*;"

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;" and

(17) Investments in the Notes.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary securing Indebtedness of any Restricted Subsidiary (other than a guarantee of Indebtedness of the Issuer);

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of the Issuer of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on the Issue Date, excluding Liens securing the Revolving Credit Facility Agreement and, with respect to the assets of or capital stock of the Orange Group, Liens existing on the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on cash accounts of any Restricted Subsidiary securing Indebtedness incurred under clause (11) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" with local financial institutions;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed CHF 15 million at any one time outstanding;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(28) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(29) Liens on property or assets of the Senior Unsecured Notes Issuer or any of its Restricted Subsidiaries to secure Indebtedness of the Senior Unsecured Notes Issuer or any of its Restricted Subsidiaries; and

(30) Permitted Collateral Liens.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of CHF 100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of the Issuer and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary, Indebtedness of the Issuer that refinances Indebtedness of a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary that refinances Indebtedness of the Issuer.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Refinancing Transactions*" means the transactions contemplated by the Acquisition Agreement, the Equity Contribution, the Profit Participating Loans, any bridge credit facility agreement to which the Senior Secured Notes Issuer and any of its Subsidiaries are a party and any other issuance of intercompany debt, the issuance of the Senior Unsecured Notes, the Senior Secured Notes and the Senior Notes and borrowings under the Revolving Credit Facility Agreement as in effect on the Issue Date, the repayment or discharge of existing indebtedness of the Orange Group, the repayment or discharge of indebtedness under the Senior Facilities Agreement, the closing out or replacement of Hedging Obligations pursuant to the foregoing, and the payment or incurrence of any fees, expense or charges associated with any of the foregoing.

"*Related Taxes*" means

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

   (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

   (b) issuing or holding Subordinated Shareholder Funding;

   (c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

   (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

(e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "—*Certain Covenants—Limitation on Restricted Payments*;" or

(2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*Revolving Credit Facility Agreement*" means the CHF 100 million super senior revolving credit facility agreement dated September 11, 2012, as amended from time to time among, *inter alios*, UBS AG, London Branch as the facility agent and security agent as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the Security Interests in the Collateral as contemplated by the Indenture.

"*Security Trustee*" means Deutsche Bank AG, London Branch, acting as security agent pursuant to the Indenture or such successor security agent as may be appointed thereunder or any successor thereof.

"*Senior Facilities Agreement*" means the senior credit facility agreement dated January 30, 2012, among the Senior Secured Notes Issuer, certain of its Subsidiaries, as borrowers and guarantors, the senior lenders (as named therein), and UBS AG, London Branch, as facility agent and security agent, as amended on February 3, 2012, and as further amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Senior Finance Documents*" means the Revolving Credit Facility and any other document identified as a "Senior Finance Document" pursuant to the Revolving Credit Facility Agreement.

"*Senior Management*" means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent and with an equity investment in excess of CHF 250,000.

"*Senior Notes*" means the €225,000,000 aggregate principal amount 8.25% Senior Notes due 2020 issued by the Senior Notes Issuer on February 10, 2012.

"*Senior Notes Issuer*" means Matterhorn Mobile Holdings S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg.

"*Senior Notes Indenture*" means the indenture dated February 10, 2012, governing the Senior Notes by and among, *inter alios*, Matterhorn Mobile S.A., as the issuer and Deutsche Trustee Company Limited, as trustee.

"*Senior Secured Notes*" means, collectively, (i) the €150,000,000 aggregate principal amount of original Floating Rate Senior Secured Notes due 2019 issued by Matterhorn Mobile S.A. on February 10, 2012 and the €180,000,000 aggregate principal amount of additional Floating Rate Senior Secured Notes due 2019 issued by Matterhorn Mobile S.A. on February 16, 2012, (ii) the CHF 450,000,000 aggregate principal amount of original 6.75% Senior Secured Notes due 2019 issued by Matterhorn Mobile S.A. on February 10, 2012 and (iii) the CHF 180,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2019 issued by the Issuer on September 11, 2012.

"*Senior Secured Notes Indentures*" means, collectively, (i) the indenture dated February 10, 2012, governing the €150,000,000 aggregate principal amount of original Floating Rate Senior Secured Notes due 2019 issued on February 10, 2012, the €180,000,000 aggregate principal amount of additional Floating Rate Senior Secured Notes due 2019 issued on February 16, 2012 and the CHF 450,000,000 aggregate principal amount of original 6.75% Senior Secured Notes due 2019 issued on February 10, 2012, by and among, *inter alios*, Matterhorn Mobile S.A., as the issuer and Deutsche Trustee Company Limited, as trustee, as supplemented by the supplemental indentures dated March 29, 2012, and (ii) the indenture dated September 11, 2012 governing the CHF 180,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2019, by and among, *inter alios*, Matterhorn Mobile S.A., as the issuer and Deutsche Bank AG, London Branch, as trustee.

"*Senior Secured Notes Issuer*" means Matterhorn Mobile S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg.

"*Senior Unsecured Notes*" means the €155,000,000 aggregate principal amount 7.75% Senior Unsecured Notes due 2020 issued by the Senior Unsecured Notes Issuer on October 1, 2012.

"*Senior Unsecured Notes Indenture*" means the indenture dated October 1, 2012, governing the Senior Unsecured Notes by and among, *inter alios*, Matterhorn Midco & Cy. S.C.A., as the issuer and Deutsche Bank AG, London Branch, as the trustee.

"*Senior Unsecured Notes Issuer*" means Matterhorn Midco & Cy S.C.A., a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date, (b) the telecommunications business, including the distribution, sale and for provision of mobile voice and data, fixed-line voice and internet services, transit voice traffic services, and other services in relation thereto and (c) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Specified Change of Control Event*" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that (i) at the time any transfer of shares or other change of control transaction is contractually committed, in the case of the Permitted Holders described in clause (4)(a) and clause (4)(b) of the definition thereof, the Issuer's Consolidated Leverage Ratio would have been less than 4.25 to 1.0 and (ii) in any other case, the Issuer's Consolidated Leverage Ratio would have been less than 2.75 to 1.0, immediately prior to the occurrence of such event and immediately thereafter and giving pro forma effect thereto. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the date of the completion of the Acquisition.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by a Parent in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

    (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

    (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Sunrise*" means Sunrise Communications AG.

"*Sunrise Senior Facilities Agreement*" means the senior credit facilities agreement dated September 17, 2010, among, *inter alios*, the Sunrise, BNP Paribas as agent and Deutsche Bank AG, London Branch as security agent, as amended and restated on October 7, 2010 and as further amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties, assessments and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed or levied by any government or other taxing authority.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

   (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

   (b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

   (a) any lender under the Revolving Credit Facility Agreement;

   (b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

   (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

   in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Total Assets*" means the consolidated total assets of the Senior Unsecured Notes Issuer and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939 of the United State of America, as amended.

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but not including the Senior Unsecured Notes Issuer) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions. The Trustee will be entitled to conclusively rely upon such resolution and Officer's Certificate, without independent verification, that the conditions of this definition have been satisfied.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Senior Unsecured Notes Issuer could Incur at least CHF 1.00 of additional Indebtedness pursuant to the first paragraph of the "*Limitation on Indebtedness*" covenant or (y) the Consolidated Leverage Ratio would not be greater than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary of the Issuer, all of the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

BOOK-ENTRY; DELIVERY AND FORM

General

Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). On the Issue Date, the Global Notes will be deposited with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note (the "Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in Book-Entry form by Euroclear and Clearstream and their participants. The Book-Entry interests will not be held in definitive form. Instead Euroclear and Clearstream will credit on their Book-Entry transfer and registration systems a participants' account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary of Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

Neither the Issuer, any Paying Agent, the Transfer Agent, the Registrar nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes only in the following circumstances:

(i) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary or has ceased to be a clearing agency required under the Exchange Act and, in either case, a successor depositary is not appointed by the Issuer within 120 days; or

(ii) the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream have advised the Issuer that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (ii), their current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuer, as applicable (in accordance with its respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in "*Transfer Restrictions*" and the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

The Issuer will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, the Issuer is not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as will be described in the Indenture. The Issuer may require a holder to pay any transfer taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of a transfer agent, the Issuer will issue and the Trustee will authenticate (or cause to be authenticated) a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by it in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the relevant Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*."

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Paying Agent for onward payment to the common depositary or its nominee for Euroclear and Clearstream. The common depositary will distribute such payments to participants in accordance with their customary procedures. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holders of the Global Notes (i.e., the common depositary for Euroclear or Clearstream (or its nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, any Paying Agent, the Transfer Agent and the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- any other matter relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry interests held through participants are the responsibility of such participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of the Notes will be paid to holders of interests in the Notes through Euroclear and/or Clearstream in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of a Note (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream, at the request of the holders of such Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of a Note requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under "*Transfer Restrictions*." Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer Restrictions*."

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer Restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*," and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to the Notes. See "*Transfer Restrictions*."

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Pledges

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a Book-Entry Interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. None of the Issuer nor any of the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Euroclear and/or Clearstream on the same business day as in the United States. United States investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Brussels, if Euroclear is used, or in Luxembourg, if Clearstream is used.

Global Clearance and Settlement Under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market of the Luxembourg Stock Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, MMH, the Initial Purchasers, the Trustee or the Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form.

Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAX

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of Notes including without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of Notes or any interest therein.

EU Savings Directive

Under Council Directive 2003/48/EC (the "Directive") on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, that other Member State. However, for a transitional period, Austria and Luxembourg will (unless during such period they elect otherwise) instead operate a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entity established in, one of those countries or territories.

A proposal for amendments to the Directive has been published, including a number of suggested changes which, if implemented, would broaden the scope of the rules described above. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment under a Note were to be made by a person in a Member State or another country or territory which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Directive or any law implementing or complying with, or introduced in order to conform to the Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of such Note as a result of the imposition of such withholding tax. The Issuer is, however, in a case where it is required to maintain a Paying Agent in Luxembourg, also required to use reasonable efforts to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive or any such law.

Swiss Tax Considerations

The following statements contain an overview of the Swiss tax implications resulting from the Notes. The following statements are based upon Swiss tax laws and administrative practices as currently in force. Modifications of the applicable legal regulations may necessitate a re-evaluation of the tax consequences. The summary below is not a substitute for legal or tax advice sought by interested parties. Prospective investors should seek advice of their tax advisors to clarify any tax implications resulting from an investment in the Notes.

The tax treatment of the Existing Senior Secured Notes with respect to the Swiss stamp tax duties in connection with the issuance of the Existing Senior Secured Notes and the Swiss withholding tax has been confirmed by the Swiss Federal Tax Administration.

Swiss Income Tax

Swiss Resident Private Noteholders: The Notes will be classified as ordinary Notes in accordance with Circular No 15 issued by the Swiss Federal Tax Administration on 7 February 2007. Therefore, for private Noteholders resident in Switzerland who hold the Notes as private assets (*Privatvermögen*), the interest payments are treated as taxable interest and, thus, subject to Swiss federal income and cantonal and municipal income taxes. Capital gains realized on the sale or redemption of the Notes are exempt from Swiss federal income and cantonal and municipal income taxes.

Swiss Resident Business Noteholders: Swiss residents who hold the Notes as business assets and foreign residents who hold the Notes through a permanent establishment or a fixed place of business (*Geschäftsvermögen*) are in general taxed according to Swiss statutory accounting principles (*Massgeblichkeitsprinzip*) for purposes of Swiss federal income and cantonal and municipal income taxes. Interest payments are in general part of the taxable business profit. Capital gains realized on the sale or redemption of the Notes are part of their taxable business profit subject to Swiss federal income and cantonal and municipal income taxes. This provision also applies to individuals who qualify as so-called professional securities dealers (*gewerbsmässige Wertschriftenhändler*) for tax purposes.

Non-Swiss Resident Noteholders: Noteholders who (i) are not resident in Switzerland and (ii) during the taxable year have not engaged in trade or business through a permanent establishment or a fixed place of business within Switzerland and (iii) are not subject to taxation in Switzerland for any other reason, will not be subject to any Swiss federal, cantonal or municipal income or other taxes on income realized on interest payments received or on capital gains resulting from a sale or redemption of the Notes.

Swiss Withholding Tax

Payments of periodic interest in respect of the Notes by the Issuer should not be subject to Swiss withholding tax (*Verrechnungssteuer*), and the Issuer should not be required to withhold tax at such rate from any payments of interest under the Notes.

Stamp Duties

No Swiss stamp duties will be imposed in connection with the issuance or redemption of the Notes. The transfer of the Notes will be subject to the Swiss Transfer Stamp Duty (*Umsatzabgabe*) if (i) such transfer or sale is made by or through the intermediary of a securities dealer resident in Switzerland or Liechtenstein, as defined in the Swiss Stamp Tax Act (*Bundesgesetz über die Stempelabgaben*), and (ii) no exception applies.

Luxembourg Tax Considerations

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. In addition, any reference to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*impôt de solidarité*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Taxation of the Holders of the Notes

Withholding Tax

Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of June 21, 2005 (the "Laws") mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the Directive and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the "Territories"), excluding among others the Cayman Islands and, at the date of publication of this Offering Memorandum, the Turks and Caicos Islands and Anguilla, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it is levied at a rate of 35% (applicable rate since July 1, 2011). Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 35%.

Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the "2005 Law") mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the 2005 Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is resident of Luxembourg, will be subject to a withholding tax of 10%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10%.

Income Taxation

Non-resident holders of Notes

A non-resident holder of Notes, not having a permanent establishment or permanent representative in Luxembourg to which such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realized by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realized upon the sale or disposal, in any form whatsoever, of the Notes.

Resident holders of Notes

A resident corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of Notes, acting in the course of the management of a professional or business undertaking.

A resident holder of Notes that is governed by the law of May 11, 2007 on family estate management companies, or by the law of 20 December, 2002 on undertakings for collective investment, as amended, respectively the law of 17 December 2010 on undertakings for collective investment, or by the law of 13 February, 2007 on specialized investment funds, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realized on the sale or disposal, in any form whatsoever, of the Notes.

A resident individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the 2005 Law, or (ii) the individual holder of the Notes has opted for the application of a 10% tax in full discharge of income tax in accordance with the 2005 Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Council Directive 2003/48/EC of June 3, 2003. A gain realized by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income or assimilated thereto (e.g., issue discount, redemption premium, etc.) is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Law.

Net Wealth Taxation

A corporate holder of Notes, whether it is resident of Luxembourg for tax purposes or, if not, if it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by the law of May 11, 2007 on family estate management companies, or by the law of December 20, 2002 on undertakings for collective investment, as amended, respectively the law of 17 December 2010 on undertakings for collective investment, or by the law of February 13, 2007 on specialized investment funds, or is a securitization company governed by the law of March 22, 2004 on securitization, or is a capital company governed by the law of June 15, 2004 on venture capital vehicles, as amended.

An individual holder of Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Holders as a consequence of the issuance or the transfer of the Notes. In the case of court proceedings in a Luxembourg court or in case of voluntary presentation of these Notes—either directly or by way of reference—to any official authority ("*autorité constituée*") in Luxembourg, such Luxembourg court or autorité constituée may require registration of the Notes with the Administration de I'Enregistrement et des Domaines in Luxembourg, which may result in registration duties at a fixed rate and in minor stamp duties, becoming due and payable if and at the time when the Notes are registered with the Administration de I'Enregistrement et des Domaines in Luxembourg. Should other documents be registered along with the Notes, an ad valorem rate could be applied, depending on the nature of the registered document.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or recorded in Luxembourg.

Certain U.S. Federal Income Tax Considerations

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that any discussion of tax matters set forth in this offering memorandum was written in connection with the promotion or marketing of the transactions or matters addressed herein and was not intended or written to be used, and cannot be used by any prospective investor, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes as of the date hereof. Except where noted, this summary deals only with Notes that are held as capital assets by U.S. holders who acquire the Notes upon original issuance at their "issue price" (the first price at which a substantial amount of the Notes is sold to investors for cash (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriter, placement agent or wholesaler)).

A "U.S. holder" means a beneficial owner of the Notes that is for U.S. federal income tax purposes any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Notes, you should consult your tax advisors.

This summary does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are a person subject to special tax treatment under the U.S. federal income tax laws, including, without limitation:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt organization;
- an insurance company;
- a person holding the Notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a partnership or other pass-through entity for U.S. federal income tax purposes (or an investor in such an entity); or
- a U.S. holder whose "functional currency" is not the U.S. dollar.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary does not represent a detailed description of the U.S. federal income tax consequences to you in light of your particular circumstances and does not address the effects of any other tax laws, including state, local or non-U.S. tax laws. It is not intended to be, and should not be construed to be, legal or tax advice to any particular purchaser of Notes.

No statutory, administrative or judicial authority directly addresses the treatment of the Notes or instruments similar to the Notes for U.S. federal income tax purposes. No rulings have been sought or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal income tax consequences regarding this particular offering. As a result, we cannot assure you that the IRS will agree with the tax characterizations and the tax consequences described below.

If you are considering the purchase of Notes, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you of the ownership of the Notes, as well as the consequences to you arising under other federal tax laws (including the recently enacted Medicare tax on certain investment income) and the laws of any other taxing jurisdiction.

Characterization of the Notes

Under the Indenture, we and each holder of the Notes agree, for U.S. federal income tax purposes, to treat the Notes as indebtedness that is subject to the regulations governing contingent payment debt instruments (the "Contingent Debt Regulations") in the manner described below. The remainder of this discussion assumes that the Notes will be so treated and does not address any possible differing treatments of the Notes. However, the application of the Contingent Debt Regulations to instruments such as the Notes is uncertain in several respects, and no rulings have been sought from the IRS or a court with respect to any of the tax consequences discussed below. Accordingly, no assurance can be given that the IRS or a court will agree with the treatment described herein. Any differing treatment could affect the amount, timing and character of income, gain or loss in respect of an investment in the Notes. In particular, a U.S. holder might be required to accrue original issue discount ("OID") at a different rate and might recognize capital gain or loss upon a taxable disposition of its Notes. **Holders should consult their tax advisors concerning the tax treatment of holding the Notes.**

Accrual of Interest

Under the Contingent Debt Regulations, all interest payments (including payments of PIK Interest) will not be reported separately as taxable income, but will be taken into account under such regulations. As discussed more fully below, the effect of these Contingent Debt Regulations will be to:

- require you, regardless of your usual method of tax accounting, to use the accrual method with respect to the Notes;
- require you to accrue OID at the comparable yield (as described below);
- generally result in ordinary rather than capital treatment of any gain, and to some extent loss, on the sale, exchange, redemption or other taxable disposition of the Notes; and
- require you to recognize exchange gain or loss separately.

You will be required to accrue an amount of OID, for U.S. federal income tax purposes, for each accrual period prior to and including the maturity date of the Notes that equals:

- the product of (i) the adjusted issue price (as defined below) of the Notes as of the beginning of the accrual period; and (ii) the comparable yield (as defined below) of the Notes, adjusted for the length of the accrual period;
- divided by the number of days in the accrual period; and
- multiplied by the number of days during the accrual period that you held the Notes.

The "adjusted issue price" of a note will be its issue price (denominated in euros), increased by any OID previously accrued, determined without regard to any adjustments to OID accruals described below, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Note (and, in certain cases, increased by any net positive adjustment and decreased by any net negative adjustment or adjusted in the case of a Pro rata Prepayment, all as described below under "—Adjustments to Interest Accruals on the Notes"). All such adjustments to the adjusted issue price are calculated in euros.

OID will be determined for any accrual period in euros and then translated into U.S. dollars. You may determine the amount of income recognized with respect to such OID in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the U.S. dollar value of the OID that has accrued during such year, determined by translating such OID at the average rate of exchange for the period during which such OID accrued (or, in the case of an accrual period that spans two taxable years of a U.S. holder, the part of the period within the taxable year). Under the second method, you may elect to translate OID at the spot rate on:

- the last day of the accrual period,
- the last day of the taxable year if the accrual period straddles your taxable year, or
- the date the cash payment attributable to such OID is received if such date is within five business days of the end of the accrual period.

This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the IRS. You should consult your own tax advisor as to the advisability of making the above election.

Under the Contingent Debt Regulations, you will be required to include OID in income each year, regardless of your usual method of tax accounting, based on the comparable yield of the Notes. We will determine the comparable yield of the Notes based on the rate, as of the initial issue date, at which the Issuer would issue a fixed-rate instrument with no contingent payments but with terms and conditions similar to the Notes. If the comparable yield were successfully challenged by the IRS, the redetermined yield could be materially greater or less than the comparable yield provided by us.

We are required to furnish to you the comparable yield and, solely for tax purposes, a projected payment schedule (which, in certain circumstances, is required to be updated) that estimates the amount and timing of each scheduled interest payment (denominated in euros), including future interest accretions with respect to payments of PIK Interest, and the payment upon maturity of the Notes (denominated in euros). You may obtain the comparable yield and projected payment schedule (and any updated schedule) by submitting a written request for it to us at the address set forth in "Available Information." By purchasing the Notes, you agree in the Indenture to be bound by our determination of the comparable yield and projected payment schedule. For U.S. federal income tax purposes, you must use the comparable yield and the schedule of projected payments in determining your OID accruals, and the adjustments thereto described below, in respect of the Notes.

The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of your OID and adjustments thereof in respect of the Notes and do not constitute a projection or representation regarding the actual yield or actual amount of the payments on a Note.

The projected payment schedule must produce the comparable yield. In determining the projected payment schedule, we will make assumptions regarding the extent to which we will pay Cash Interest or PIK Interest under the relevant facts and applicable U.S. Treasury regulations. If we pay Cash Interest or PIK Interest as assumed, you will accrue interest on the Notes in accordance with the projected payment schedule and you will not be required to make any adjustments to your income inclusions or calculations as described below.

Adjustments to Interest Accruals on the Notes

If the contingent payments (denominated in euros) made on the Notes in a taxable year differ from the projected contingent payments (denominated in euros), adjustments will be made for the difference. For these purposes, if we issue PIK Notes in lieu of Cash Interest, we intend to take such amounts into account on the basis of the principal amount (denominated in euros) of such PIK Notes and to aggregate the PIK Notes with the original Note as a single debt instrument. If, during any taxable year, you receive actual payments with respect to the Notes for that taxable year that in the aggregate exceed the total amount of projected payments for the taxable year, you will incur a positive adjustment equal to the amount of such excess. Such positive adjustment will be treated as additional OID in such taxable year. If you receive in a taxable year actual payments with respect to the Notes for that taxable year that in the aggregate are less than the amount of projected payments for that taxable year, you will incur a negative adjustment equal to the amount of such deficit. Such an adjustment will be calculated as follows:

- first, a negative adjustment will reduce the amount of OID required to be accrued in the current year;
- second, any negative adjustments that exceed the amount of OID accrued in the current year will be treated as ordinary loss to the extent of your total prior OID inclusions with respect to the Notes, reduced to the extent such prior OID was offset by prior negative adjustments; and
- third, any excess negative adjustments (i) will be treated as a regular negative adjustment in the succeeding taxable year; and (ii) if not used by the time the Notes are disposed of, will reduce the amount realized on the disposition.

A net positive adjustment will be determined in euros and then translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account, or, if earlier, the date the Note is sold or otherwise disposed of. Any net negative adjustment that exceeds the OID required to be accrued in the current year will first be determined in euros. To the extent that such negative adjustment is attributable to accrued but unpaid OID from prior taxable years, such negative adjustment will be translated into U.S. dollars at the same rate used to translate the accrued OID in such prior taxable years. To the extent that such negative adjustment is attributable to OID accrued and paid in prior taxable years, such negative adjustment will be translated into U.S. dollars at the spot rate on the date the Note was issued.

You will recognize exchange gain or loss when OID is paid in cash on a Note (including, upon the sale, exchange, retirement or other disposition of a Note, the receipt of proceeds that include amounts attributable to OID previously included in income) to the extent of the difference between the U.S. dollar value of the accrued OID and the U.S. dollar value of such payment (determined by translating the foreign currency received at the spot rate for such foreign currency on the date such payment is received). Any such exchange gain or loss will generally be treated as U.S. source ordinary income or loss.

If we are assumed (pursuant to the projected payment schedule) to pay interest in the form of PIK Interest with respect to an interest payment period but in fact pay Cash Interest, such cash payment may not be treated as a payment of accrued OID, but instead as a pro rata prepayment in retirement of a portion of a Note (a “Pro rata Prepayment”), which may result in a gain or loss to you. In such case, the gain or loss would be treated as ordinary income or loss as described below and would be calculated by assuming that the Note consisted of two instruments, one that is retired and one that remains outstanding. The adjusted issue price, your adjusted basis and accrued but unpaid OID of the Note, determined immediately before a Pro rata Prepayment, would be allocated between those two instruments based on the portion of the Note that would be treated as retired by the Pro rata Prepayment.

Additional Amounts and Foreign Tax Credits

In addition to OID on the Notes, you will be required to include in income any amounts withheld and Additional Amounts paid in respect of foreign withholding taxes. You may be entitled to deduct or credit any such taxes, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). OID generally will be considered foreign source income and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Sale, Exchange, Retirement or other Taxable Disposition of Notes

Upon the sale, exchange, retirement or other taxable disposition of a Note, you generally will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement or other taxable disposition and the adjusted tax basis of the Note. Any gain from the disposition of a Note will be treated as ordinary interest income. Loss from the disposition of a Note generally will be treated as ordinary loss to the extent of your prior net OID inclusions with respect to the Note. Any loss in excess of that amount will be treated as capital loss, which will be long-term if the Note was held for greater than one year. The deductibility of net capital losses by individuals and corporations is subject to limitations.

Special rules apply in determining the tax basis of a Note. Your adjusted tax basis in a Note will, in general, be your U.S. dollar cost for the Note, increased by OID previously included in income with respect to the Note (before taking into account any adjustments), reduced by the projected amount (in U.S. dollars) of any payments previously scheduled to be made on the Note and, if we pay PIK Interest on the Notes, in certain circumstances increased by any net positive adjustment and/or decreased by any net negative adjustment, as discussed above.

If you purchase a Note with euros, your U.S. dollar cost of the Note generally will be the U.S. dollar value of the euro purchase price on the date of such purchase. If your Note is sold, exchanged, retired or disposed of for an amount in euros, the amount realized generally will be the U.S. dollar value of such euro amount received on the date of sale, exchange, retirement or other disposition. If, however, you are a cash method taxpayer and the Notes are traded on an established securities market, euros paid or received will be translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase and sale of Notes traded on an established securities market, provided that the election is applied consistently. Such election cannot be changed without the consent of the IRS.

Gain or loss realized by you on the sale, exchange, retirement or other disposition of a Note will generally be treated as foreign source gain or loss.

A portion of your gain or loss may be treated as exchange gain or loss with respect to the principal amount of a Note. Exchange gain or loss will be treated as ordinary income or loss and generally will be U.S. source gain or loss. For these purposes, the principal amount of the Note is your purchase price for the Note calculated in euros on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount determined on the date of the sale, exchange, retirement or other disposition of the Note and (ii) the U.S. dollar value of the principal amount determined on the date you purchased your Note (or, in each case, on the settlement date of the disposition or purchase, if the Notes are traded on an established securities market and you are a cash basis U.S. holder or an electing accrual basis U.S. holder). The amount of exchange gain or loss will be limited to the amount of overall gain or loss realized on the disposition of the Note.

If we exercise our option to pay PIK Interest by issuing PIK Notes, although not free from doubt, your adjusted tax basis in a Note should be allocated between the Note and any PIK Notes in proportion to their relative principal amounts. Your holding period in any PIK Note would likely be identical to your holding period for the Note with respect to which the PIK Note was received.

Exchange Gain or Loss with Respect to Euros

Your tax basis in the euros received as interest on a Note will be the U.S. dollar value thereof at the spot rate in effect on the date the euros are received. Your tax basis in euros received on the sale, exchange, retirement or other disposition of a Note will be equal to the U.S. dollar value of the euros, determined at the time of the sale, exchange retirement, or other disposition. As discussed above, if the Notes are traded on an established securities market, a cash basis U.S. holder (or, upon election, an accrual basis U.S. holder) will determine the U.S. dollar value of the euros by translating the euros received at the spot rate of exchange on the settlement date of the sale, exchange, retirement or other disposition. Accordingly, your basis in the euros received would be equal to the spot rate of exchange on the settlement date.

Any gain or loss recognized by you on a sale, exchange, retirement or other disposition of the euros will be ordinary income or loss and generally will be U.S. source gain or loss.

Reportable Transactions

U.S. Treasury regulations meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the U.S. Treasury regulations, certain transactions are required to be reported to the IRS including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Note or foreign currency received in respect of a Note to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. Holders considering the purchase of Notes should consult with their own tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the Notes, accruals of OID and the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to you (unless, in each case, you are an exempt recipient such as a corporation). Backup withholding may apply to payments described in the preceding sentence if you fail to provide a taxpayer identification number or a certification that you are not subject to backup withholding.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

PLAN OF DISTRIBUTION

The Issuer, Matterhorn Financing Cy & S.C.A. and Credit Suisse Securities (Europe) Limited, as representative of the Initial Purchasers (the "Representative"), entered into a purchase agreement dated April 10, 2013 with respect to the Notes (the "Purchase Agreement").

Subject to the terms and conditions set forth in the Purchase Agreement, the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Notes.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the Initial Purchasers will purchase all of the Notes if any of them are purchased.

The Initial Purchasers initially propose to offer the Notes for resale at the respective issue price that appears on the cover of this Offering Memorandum for the Notes. After the initial Offering, the Initial Purchasers may change the Offering's price and any other selling terms without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates or through registered broker-dealers.

In the Purchase Agreement, we have agreed that:

- the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain opinions by their counsel;
- during the period from the date of the Purchase Agreement through and including the date that is 90 days after such date, the Issuer will not, without the prior written consent of the Representative, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the Issuer and having a tenor of more than one year (other than the Notes); and
- the Issuer will indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and/or will contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. In the Purchase Agreement, each Initial Purchaser has agreed that:

- the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements; and
- during the initial distribution of the Notes, it will offer or sell Notes only to qualified institutional buyers in compliance with Rule 144A of the Securities Act and outside the United States to persons that are not U.S. persons in compliance with Regulation S.

In addition, until 40 days following the later of (i) the commencement of this Offering and (ii) the Issue Date, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A of the Securities Act or another exemption from registration under the Securities Act. During this 40-day period, neither Clearstream nor Euroclear will monitor compliance by dealers with section 4(3) of the Securities Act.

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Transfer Restrictions*." We do not intend to apply for the Notes to be listed on any securities exchange other than the Official List of the Luxembourg Stock Exchange or to arrange for the Notes to be quoted on any quotation system. The Initial Purchasers have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. In addition, such market making activities will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

In connection with the Offering of the Notes, the Initial Purchasers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the Offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate-covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing or syndicate-covering transactions, they may discontinue them at any time.

The Issuer expects that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this Offering Memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "T+5"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In the Purchase Agreement, each Initial Purchaser has represented and agreed that:

- it has complied and will comply with all applicable provisions of the U.K. Financial Services and Markets Act 2000, or "FSMA", with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or MMH.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering of the Notes, the distribution of this Offering Memorandum and resale of Notes. See "*Notice to Investors*."

The Issuer and MMH have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act or the safe harbors of Rule 144A and Regulation S under the Securities Act to cease to be applicable to the offer and sale of the Notes.

The Initial Purchasers and their affiliates have provided and may, from time to time, continue to provide various financial advisory, investment banking, commercial banking and other services to us in the ordinary course of business, for which they have received (and expect to continue to receive) customary fees and reimbursement of expenses.

In addition, Credit Suisse International, Deutsche Bank AG, London Branch, UBS AG, London Branch, Citigroup N.A., London Branch, JPMorgan Chase Bank, N.A. and Morgan Stanley Bank, N.A. or their respective affiliates are lenders under the Revolving Credit Facility and such entities may act as counterparties in the hedging arrangements we may enter into in connection with the Revolving Credit Facility, some of our Existing Notes or the Notes offered hereby, and will receive customary fees for their services in such capacities. Deutsche Bank AG, London Branch will be the Security Trustee for the Notes. UBS AG, London Branch is also the Security Agent for the Existing Secured Notes, the Revolving Credit Facility and the Intercreditor Agreement.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

General

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and securities laws of any other applicable jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act and in offshore transactions in reliance on Regulation S under the Securities Act.

We have not registered and will not register the Notes under the Securities Act and, therefore, the Notes may not be offered or sold within the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," commonly referred to as "QIBs," as defined in Rule 144A under the Securities Act in compliance with Rule 144A; and
- outside the United States in an offshore transaction in accordance with Regulation S under the Securities Act.

We use the terms "offshore transaction," "U.S. person" and "United States" with the meanings given to them in Regulation S under the Securities Act.

Important Information about the Offering

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) You understand and acknowledge that the Notes have not been registered under the Securities Act or the securities laws of any other applicable jurisdiction and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) You are not our "affiliate" (as defined in Rule 144 under the Securities Act) or acting on our behalf and you are either:

  (a) a QIB, within the meaning of Rule 144A under the Securities Act, and are aware that any sale of these Notes to you will be made in reliance on Rule 144A under the Securities Act, and such acquisition will be for your own account or for the account of another QIB; or

  (b) not a "U.S. person" or purchasing for the account or benefit of a U.S. person (other than a distributor), and you are purchasing the Notes in an offshore transaction in accordance with Regulation S under the Securities Act.

(3) You acknowledge that neither the Issuer nor the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that no person other than the Issuer makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale

in connection with, any distribution thereof in violation of the Securities Act or any other applicable securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

(5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only:

(a) to the Issuer or any subsidiary thereof;

(b) pursuant to a registration statement that has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act;

(d) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act; or

(e) pursuant to any other available exemption from the registration requirements of the Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations.

You acknowledge that the Issuer, the Trustee, the Registrar and the Transfer Agent reserve the right prior to any offer, sale or other transfer of the Notes (i) pursuant to clause (d) or (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to each of them, the Issuer, the Trustee, the Registrar and the Transfer Agent, and (ii) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) Each purchaser acknowledges that each Global Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A")) OR (B) IT IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE

PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) You agree that you will, and each subsequent holder is required to, give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes, if then applicable.

(8) You acknowledge that until 40 days after the commencement of the relevant Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

(9) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with.

(10) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and you agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate and complete, you shall promptly notify us and the Initial Purchasers in writing. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(11) You understand that no action has been taken in any jurisdiction (including the United States) by any of the Issuer or the Initial Purchasers that would result in a public offering of Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of Notes will be subject to the selling restrictions set forth in this section of this Offering Memorandum and/or in the front of this Offering Memorandum under "*Notice to Investors*," "*Notice to New Hampshire Residents,*" "*Notice to Certain Investors*" and "*Plan of Distribution*."

AVAILABLE INFORMATION

Each purchaser of Notes from the Initial Purchasers was furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum was deemed to acknowledge that:

(1) such person was afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person did not rely on any of the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to paragraph (1) above, no person was authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or any of the Initial Purchasers.

For so long as any of the Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, make available to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuer at 1-3, Boulevard de la Foire, L-1528 Luxembourg, Luxembourg.

The Issuer is not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture, and so long as the Notes are outstanding, the Issuer will agree to furnish periodic information to holders of the Notes. See "*Description of the Notes—Certain Covenants—Reports*."

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market, and the rules of that exchange so require, copies of the Issuer's organizational documents, the Indenture, the Intercreditor Agreement and the Issuer's most recent consolidated financial statements published may be requested from the Issuer at the specified office of the Issuer at 1-3, Boulevard de la Foire, L-1528 Luxembourg, Luxembourg. See "*Notice to Investors*" and "*Listing and General Information—Listing*."

INDEPENDENT AUDITORS

The independent auditors of Orange Communications SA for the years ended December 31, 2010 and 2011 were Deloitte SA, Meyrin, Switzerland. The IFRS consolidated financial statements of and for each of the years ended December 31, 2010 and 2011, each included in this Offering Memorandum, have been audited by Deloitte SA, Meyrin, as stated in their report appearing herein.

The independent auditors of Matterhorn Mobile Holdings S.A. for the year ended December 31, 2012 were Deloitte Audit Société à Responsabilité Limitée, Luxembourg. The IFRS consolidated financial statements of and for the year ended December 31, 2012, included in this Offering Memorandum, have been audited by Deloitte Audit Société à Responsabilité Limitée, Luxembourg, as stated in their report appearing herein.

LEGAL MATTERS

The validity of the Notes and certain other legal matters are being passed upon for us by Simpson Thacher & Bartlett LLP, with respect to matters of U.S. federal and New York state law, by Bär & Karrer Ltd., with respect to matters of Swiss law, and by Bonn Steichen & Partners, with respect to matters of Luxembourg law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Linklaters LLP, with respect to matters of U.S. federal and New York state law, and Luxembourg law, and by Pestalozzi Attorneys at Law Ltd, with respect to matters of Swiss law.

LISTING AND GENERAL INFORMATION

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market of the Luxembourg Stock Exchange.

The Issuer issued €250,000,000 aggregate principal amount of Notes as of the Issue Date. If, from the Issue Date with the stated maturity of the Notes, all interest on the Notes would be paid as PIK Interest, up to €146,250,000 of PIK Notes, would be issued by the Issuer.

Luxembourg Listing Information

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF market of that exchange and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish or make available any notices (including financial notices) to the public in written form at places indicated by announcements to be published in a leading newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange (www.bourse.lu) or by any other means considered equivalent by the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, copies of the following documents may be obtained at the specified office of the listing agent in Luxembourg and the registered office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded):

- the organizational documents of the Issuer, Matterhorn Midco and Matterhorn Midco GP;
- the Luxembourg law governed share pledge agreement dated April 17, 2013 between the Issuer and the Security Trustee, as acknowledged and accepted by Matterhorn Midco GP, in relation to all shares held by the Issuer in Matterhorn Midco GP;
- the Luxembourg law governed share pledge agreement dated April 17, 2013 between the Issuer and the Security Trustee, as acknowledged and accepted by Midco, in relation to all shares held by the Issuer in Midco;
- the financial statements included in this Offering Memorandum;
- our most recent audited consolidated financial information, and any interim financial information published by us;
- the annual audited financial statements from the Issuer for the year ended December 31, 2012 and going forward;
- the annual audited financial statements from Matterhorn Midco and Matterhorn Midco GP going forward; and
- the Indenture (which includes the form of the Notes).

The Issuer has appointed Deutsche Bank Luxembourg S.A. as Luxembourg listing agent, transfer agent and registrar. The Issuer reserves the right to change this appointment in accordance with the terms of the Indenture. Application may also be made to the Euro MTF market to have the Notes removed from listing on the Euro MTF market, including if necessary to avoid any new withholding taxes in connection with the listing.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, to the best of its knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect its import. This Offering Memorandum may only be used for the purposes for which it has been published.

Clearing Information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under the common codes 091676834 and 091676818, respectively. The ISIN for the Notes sold pursuant to Regulation S is XS0916768343 and the ISIN for the Notes sold pursuant to Rule 144A is XS0916768186.

No interim financial statements will be prepared or circulated with regard to the Issuer, Matterhorn Midco or Matterhorn Midco GP.

General Information

The Issuer was formed on September 25, 2012 and has no independent operations of its own. As a result, we have included and primarily discussed in this Offering Memorandum the consolidated historical financial statements of the Group and the Orange Group. Information related to MMH is provided for information purposes only.

Except as disclosed in this Offering Memorandum:

- except in connection with the Transactions, there has been no material adverse change in the prospects of the Company since December 31, 2012, the date of the Group's last published consolidated financial information;
- except in connection with the Transactions, there has been no material adverse change in the Issuer's financial position since December 31, 2012; and
- none of the Issuer nor any of its direct or indirect subsidiaries has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes and, so far as the Issuer is aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

For the avoidance of doubt, any website referred to in this Offering Memorandum and the information on the referenced website does not form part of this Offering Memorandum prepared in connection with the proposed offering of the Notes.

The issuance of the Notes has been authorized by a resolution of the Board of Managers Matterhorn S.à.r.l as general partner of the Issuer on or about April 10, 2013. The pricing of the Notes was authorized by a resolution of the Pricing Committee of the Board of the Issuer on or about the date hereof.

Interest on the Notes

In the event that the Issuer shall be entitled to pay PIK Interest for any Interest Period, then the Issuer shall deliver a notice to the Trustee (and copied to the Principal Paying Agent) following the Determination Date but not less than five Business Days prior to the commencement of the relevant Interest Period, which notice shall state the total amount of interest to be paid on such interest payment date and the amount of such interest to be paid as PIK Interest. The Issuer shall post such notice on its website and cause such notice to be delivered to Euroclear and Clearstream for communication to direct participants in any Global Note. For so long as Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will to the extent and in the manner permitted by such rules, post such notice on the official notice on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). Notwithstanding the foregoing, the delivery of such notice to the Trustee shall not restrict the Issuer's ability to pay, at its option, a greater portion of the interest on the Notes with respect to such Interest Period as Cash Interest. Interest for the first Interest Period commencing on the Issue Date and for the final Interest Period ending at Stated Maturity shall be payable entirely in Cash Interest.

Any PIK Notes will also be listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market.

The Issuer

The Issuer, Matterhorn Financing Cy & S.C.A., is a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg (R.C.S. Luxembourg, section B numéro 171751) and was formed to issue the Notes offered hereby. The Issuer is the parent company of Matterhorn Midco. The Issuer has its registered office at 1-3, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg. The Issuer has a share capital CHF 96,686,405.00 represented by 96,686,404 ordinary shares owned by Matterhorn Topco and one management share owned by Matterhorn S.à.r.l a nominal value of CHF 1.00 each fully paid up. The Issuer was formed on September 25, 2012. The articles of incorporation of the Issuer were published in the Mémorial C, Recueil des Sociétés et Associations on October 25, 2012. The articles of incorporation of the Issuer have been amended on November 28, 2012 pursuant to an extraordinary shareholders meeting published in the Memorial C, *Receuil des Sociétés et Associations* on February 1, 2013. The Issuer will file annual unaudited accounts with the Commercial and Companies Register in accordance with Luxembourg Law of December 19, 2002. The independent auditors of the Issuer for the year ended December 31, 2012 were Deloitte Audit Société à Responsabilité Limitée, 560, rue de Neudorf, L-2220 Luxembourg. The financial statements of and for the year ended December 31, 2012 have been audited by the independent auditors.

Matterhorn Midco

Matterhorn Midco Cy & S.C.A., is a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg, with its registered office at 1-3, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg (R.C.S. Luxembourg, section B numéro 165826). The Issuer is managed by Matterhorn Midco GP whose managers are Geoffrey Henry and Linda Harroch as Class A Managers and Francisco Menjibar, Isabelle Probstel and Cindy Teixeira as Class B Managers. The address for each of the managers of Matterhorn Midco GP is at Matterhorn Midco, 1-3 Boulevard de la Foire, L-1528 Luxembourg. Matterhorn Midco has a share capital of CHF 152,226,520.00 represented by 152,226,519 ordinary shares owned by the Issued and one management share owned by Matterhorn Midco GP, with a nominal value of CHF 1.00 each fully paid up. Matterhorn Midco was formed on December 23, 2011.

Matterhorn Midco has no independent business operations of its own and is a holding company with no assets other than investments in MMH.

According to clause 3 of its articles of incorporation, the object of Matterhorn Midco is to act as an investment holding company and to co-ordinate the business of any corporate bodies in which it is for the time being directly or indirectly interested, and to acquire (whether by original subscription, tender, purchase, exchange or otherwise) the whole of or any part of the stock, shares, debentures, debenture stocks, bonds and other securities issued or guaranteed by any person and any other asset of any kind and to hold the same as investments, and to sell, exchange, and dispose of the same: to sell, lease, exchange, let on hire and dispose of any real or personal property and/or the whole or any part of the undertaking of Matterhorn Midco, for such consideration as the manager thinks fit, including for shares, debentures or other securities, whether or not having objects (altogether or in part) similar to those of Matterhorn Midco; to hold any shares, debentures and other securities so acquired; to improve, manage, develop, sell, exchange, lease, mortgage, dispose of, grant options over, turn to account and otherwise deal with all or any part of the property and rights of Matterhorn Midco; to carry on any trade or business whatsoever and to acquire, undertake and carry on the whole or any part of the business, property and/or liabilities of any person carrying on any business; to invest and deal with its money and funds in any way the manager of Matterhorn Midco thinks fit and to lend money and give credit in each case to any person with or without security; to borrow, raise and secure the payment of money in any way the manager thinks fit, including by the issue (to the extent permitted by Luxembourg law) of debentures and other securities or instruments, perpetual or otherwise, convertible or not, whether or not charged on all or any of its property (present or future) or its uncalled capital, and to purchase, redeem, convert and pay off those securities: to acquire an interest in, amalgamate, merge, consolidate with and enter into partnership or any arrangement for the sharing of profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person, including any employees of Matterhorn Midco; to enter into any guarantee or contract of indemnity or suretyship, and to provide security, including the guarantee and provision of security for the performance of the obligations of and the payment of any money (including capital, principal, premiums, dividends, interest, commissions, charges, discount and any related costs or expenses whether on shares or other securities) by any person including any body corporate in which Matterhorn Midco has a direct or indirect interest or any person which is for the time being a member or otherwise has a direct or indirect interest in Matterhorn Midco or is associated with Matterhorn Midco in any business or venture, with or without Matterhorn Midco receiving any consideration or advantage (whether direct or indirect), and whether by personal covenant or mortgage, charge or lien over all or part of Matterhorn Midco's undertaking, property, assets or uncalled capital (present or future) or by other means; for the purpose of this article "guarantee" includes any obligation, however describes, to pay, satisfy, provide funds for the payment or satisfaction of (including by advance of money, purchase of or subscription for shares or other securities and purchase of assets or services), indemnify and keep indemnified against the consequences of default in the payment of, or otherwise be responsible for, any indebtedness of any other person; to do all or any of the things provided in any paragraph of this article (a) in any part of the world; (b) as principal, agent, contractor, trustee or otherwise; (c) by or through trustees, agents, sub-contractors or otherwise; and (d) alone or with another person or persons; to do all things (including entering into, performing and delivering contracts, deeds, agreements and arrangements with or in favour of any person) that are in the opinion of the manager incidental or conductive to the attainment of all or any of Matterhorn Midco' objects, or the exercise of all or any of its powers; provided always that Matterhorn Midco will not enter into any transaction which would constitute a regulated activity of the financial sector or require a business license under Luxembourg law without due authorization under Luxembourg law.

The articles of incorporation of Matterhorn Midco were published in the Mémorial C, *Recueil des Sociétés et Associations* on February 14, 2012. The articles of incorporation of Matterhorn Midco have been amended on September 19, 2012 pursuant to an extraordinary shareholders meeting published in the Memorial C, *Receuil des Sociétés et Associations* on October 5, 2012. Matterhorn Midco will file annual unaudited accounts with the Commercial and Companies Register in accordance with Luxembourg Law of December 19, 2002.

Matterhorn Midco GP

Matterhorn Midco S.à r.l., is a *société à responsabilité limitée* organized under the laws of the Grand Duchy of Luxembourg, with its registered office at 1-3, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg (R.C.S. Luxembourg, section B numéro 176442). Matterhorn Midco GP managers are Geoffrey Henry and Linda Harroch as Class A Managers and Francisco Menjibar, Isabelle Probstel and Cindy Teixeira as Class B Managers. The address for each of the managers of Matterhorn Midco GP is at Matterhorn Midco, 1-3 Boulevard de la Foire, L-1528 Luxembourg. Matterhorn Midco GP has its registered office at 1-3, Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg. Matterhorn Midco GP has a share capital of CHF 16,000.00 represented by 16,000 shares owned by the Issuer with a nominal value of CHF 1.00 each fully paid up. Matterhorn Midco GP was formed on April 4, 2013.

According to clause 2 of the articles of incorporation, the object of Matterhorn Midco GP is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, and the ownership administration, development and management of its portfolio. Matterhorn Midco GP may also hold interest in partnerships. Matterhorn Midco may borrow in any form and proceed to the issuance of bonds, without a public offer, and to the issuance of debentures. In a general fashion, Matterhorn Midco GP may grant assistance to affiliated or group companies as well as to any other entity it is interested in, take any controlling and supervisory measures and carry out any operation, which it may deem useful in the accomplishment and development of its purposes. Matterhorn Midco GP may act as a director of other companies and to manage such companies, which must not necessarily be subsidiaries of Matterhorn Midco GP and may act as general or limited member with unlimited or limited liability for all debts and obligations or memberships or similar corporate structures. Matterhorn Midco GP may further carry out any commercial, industrial or financial operations, as well as any transactions on real estate or on movable property.

The articles of incorporation of Matterhorn Midco GP have not been published in the Mémorial C*, Recueil des Sociétés et Associations*. Matterhorn Midco GP will file annual unaudited accounts with the Commercial and Companies Register in accordance with Luxembourg Law of December 19, 2002.

Material Contracts

Contracts not entered into in the ordinary course of the Issuer's business that could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders in respect of the Notes are summarized in "*Certain Relationships and Related Party Transactions,*" "*Description of the Notes*" and "*Description of Certain Financing Arrangements*."

GLOSSARY OF TECHNICAL TERMS

The following technical terms and abbreviations when used in this Offering Memorandum have the definitions ascribed to them opposite below, except where otherwise indicated.

Abbreviation	Definitions
"2G"	Second Generation Mobile System of which GSM represents one universal standard.
"3G"	Third Generation Mobile System of which UMTS represents one universal standard.
"4G"	Fourth Generation Mobile System of which LTE represents one universal standard.
"ADSL"	Asymmetric Digital Subscriber Line, or a modem technology that converts existing twisted-pair telephone lines into access paths for high-speed data communications at transmission speeds at relatively high transmission rates that can be 50 times or more faster than dial-up internet access.
"average revenues per user" or "ARPU"	Average revenues per user is a telecom industry metric generally calculated by dividing total revenues for a product group by the average number of subscribers during a period. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data*" for an explanation of the Company's calculation methodology for relevant ARPU.
"backbone"	A high speed line, or a series of connections forming a major communication pathway within a network, which uses a much faster protocol than that employed by a single local area network and has the highest traffic intensity.
"band"	In wireless communication, band refers to a frequency or contiguous range of frequencies.
"base station" or "sites"	Base transceiver station. Landline transmitter/receiver equipment in each geographic area or cell of a mobile telecommunications network that communicates by radio signal with mobile telephones in the cell.
"bit"	The smallest unit of binary information.
"bitstream"	A service consisting of the supply by Swisscom to the alternative operator of the transmissions capacity between the final customer's workstation and the interconnection point, or POP (as defined below) of an alternative operator which wants to offer broadband services to its final customers.
"bps"	Bits per second.
"byte"	A sequence of usually eight bits (enough to represent one character of alphanumeric data) processed by a computer as a single unit of information.
"capacity"	The amount of bandwidth or throughput that can be handled by a network element.
"churn"	A telecom industry measure of the number or proportion of subscribers that disconnected from a telecommunications provider's service over a period of time. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data*" for an explanation of the Company's calculation methodology for mobile prepaid and postpaid subscriber churn.

"ComCo"	The Swiss Competition Authority (Wettbewerbskommission) established by the Federal Act on Cartels and other Restraints of Competition of 6 October 1995. Also known as "WEKO."
"ComCom"	The Federal Communications Commission of Switzerland (Die Eidgenössische Kommunikationskommission) established by the Swiss Telecommunications Act.
"digital"	A signaling technology in which a signal is encoded into digits for transmission.
"DSL"	Digital Subscriber Line, a technology enabling a local loop copper pair to transport high-speed data between a central office and the subscribers' premises.
"EDGE"	Enhanced Data rates for GSM Evolution; effectively, the latest stage in the evolution of the GSM standard, EDGE uses a new modulation scheme to enable theoretical data speeds of up to 384 Kbps within the existing GSM spectrum.
"fiber-optic cable"	A transmission medium comprised of extremely pure and uniform glass. Digital signals are transmitted across fiber-optic cable as pulses of light. While signals transmitted over fiber-optic cable travel at the same speed as those transmitted over traditional copper cable, fiber-optic cable benefits from greater transmission capacity and lower distortion of signals transmitted.
"FTTH"	Fiber-to-the-home, the fiber-optic technology linking residential customers directly to the fiber network.
"frequency"	The rate at which an electrical current alternates, usually measured in Hertz (Hz). Also the way to note a description of a general location on the radio frequency spectrum such as 800 MHz, 900 MHz or 2100 MHz.
"General Packet Radio Services" or "GPRS"	A packet-based telecommunications service designed to send and receive data at rates from 56 Kbps to 114 Kbps that allows continuous connection to the internet for mobile phone and computer users. GPRS is a specification for data transfer over GSM networks.
"Global System for Mobile Communications" or "GSM"	A comprehensive digital network for the operation of all aspects of a cellular telephone system.
"Hertz"	A unit of frequency of one cycle per second.
"HSPA"	High-Speed Packet Access. A 3G mobile telephone protocol that allows networks based on Universal Mobile Telecommunications System to have higher data transfer speeds and capacity.
"HSPA+"	Evolved High-Speed Packet Access. A 3G mobile telephone protocol based on HSPA but allowing for higher data transfer speeds and capacity.
"interconnection"	The way in which networks are connected to each other and the charges payable by one network operation for accepting traffic from or delivering traffic to another.
"Internet Protocol" or "IP"	A standard procedure whereby internet-user data is divided into packets to be sent onto the correct network pathway. In addition, IP gives each packet an assigned number so that the message completion can be verified. Before packets are delivered to their destination, the protocol carries out unifying procedures so that they are delivered in their original form.

"IPTV" . . . . Internet Protocol Television. IPTV delivers scheduled television programs and video-on-demand (VOD) via the IP protocol and digital streaming techniques used to watch video on the internet.

"landline" . . . . A physical line connecting the subscriber to the telephone exchange. In addition, landline includes fixed wireless systems, in which the users are in fixed locations using a wireless connection (e.g. cordless telephones) to the telephone exchange.

"landline broadband" . . . . High data rate internet access services typically transmitted over copper wires, cable or fiber networks.

"leased line" . . . . Voice or data circuits leased to connect two or more locations for the exclusive use of the subscriber.

"LTE" . . . . 3GPP Long Term Evolution, a mobile data transmission technology that generally provides for faster transmission than 3G.

"MHz" . . . . Megahertz; a unit of frequency equal to 1 million Hertz.

"MMS" . . . . Multimedia Messaging Service. An evolution of SMS that enables users to send multimedia content including images, audio and video clips to other users.

"mobile network operator," or "MNO" . . . . A company that has frequency allocations and all the required infrastructure to run an independent mobile network, as opposed to an MVNO.

"mobile termination rates" or "MTRs" . . . . The tariff chargeable by operators for terminating calls on their mobile networks. See "*Regulation*."

"mobile virtual network operator" or "MVNO" . . . . A mobile operator that does not own its own spectrum and usually does not have its own network infrastructure. Instead, MVNOs have business arrangements with traditional mobile operators to buy minutes of use for sale to their own subscribers.

"MPLS" . . . . Multi Protocol Label Switching, is a method used to speed up data communication over combined IP/ATM networks.

"narrowband" . . . . Telecommunications that carry voice information in a narrow band of frequency, also referred to as "dial-up" or analog services.

"network" . . . . An interconnected collection of telecom components consisting of switches connect to each other and to customer equipment by real or virtual transmission links. Transmission links may be based on fiber-optic or metallic cable or point-to-point radio connections.

"number portability" . . . . A facility provided by telecommunications operators that enables customers to keep their full telephone numbers when they change operators.

"OFCOM" . . . . The Swiss Federal Office of Communications, also referred to as "BAKOM."

"off-network" . . . . Telephone calls that are not on-network (as described below) calls.

"on-network" . . . . Telephone calls that stay on a private network, travelling by private line from beginning to end without interconnecting with another network.

"operator" . . . . A term for any company engaged in the business of building and running its own network facilities.

"penetration" . . . . A measurement, usually as a percentage, of the take-up of telecommunication services. Penetration is typically calculated by

	dividing the number of subscribers or lines by either the number of households or the population to which the service is available. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data*" for an explanation of the Company's calculation of penetration rates.
"postpaid"	Mobile subscriptions paid for on a recurring basis and requiring customers to remain subscribers for a specified duration.
"prepaid"	Mobile subscriptions requiring customers to pay for usage credit in advance without any durational commitment.
"quadruple-play"	Bundling of fixed-mobile (retail voice, landline internet and mobile services) with TV services.
"reseller" / "wholesale reseller"	A company that partners with us to resell or market our mobile services in connection with its brand, resulting in direct contracts between the customers and us.
"SaaS"	Software as a Service.
"SMS"	Short Message Service; a text message service which enables users to send short messages (160 characters or less) to other users.
"spectrum"	A continuous range of frequencies, usually wide in extent within which waves have some certain common characteristics.
"subscriber"	A person who is party to a contract with the provider of publicly available telecommunication services for the supply of such services. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data*" for an explanation of the Company's calculation of its relevant subscriber bases.
"Subscriber Identity Module cards" or "SIM cards"	Cards that contain a smart chip with memory that allows for data storage and software applications.
"Swiss Cartel Act"	Federal Act on Cartels and other Restraints of Competition of 6 October 1995.
"Swiss Telecommunications Act"	The Swiss Federal Telecommunications Act of 30 April 1997.
"triple-play"	Bundling of mobile with fixed voice and landline internet services.
"Universal Mobile Telecommunications System" or "UMTS"	A third generation (or 3G) mobile technology
"Value Added Services" or "VAS"	All non-core services provided by an operator that are beyond standard voice calls and transmissions such as e-mail, music downloads, communal gaming and interactive advertising.
"VDSL"	Very-high-bitrate digital subscriber line, a particular DSL implementation that provides for higher bitrates than most ADSL variants.
"VoIP"	A telephone service via internet, or via transmission control/Internet Protocol, which can be accessed using a computer, a sound card, adequate software and a modem.
"WLAN"	Wireless Local Area Network, a type of local-area network in which devices communicate wirelessly.
"xDSL"	A family of technologies, including ADSL and VDSL, that provides digital data transmission over copper wires.

INDEX TO FINANCIAL STATEMENTS

MATTERHORN FINANCING & CY S.C.A. FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2012:

MATTERHORN MOBILE HOLDINGS S.A. CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2012:

ORANGE CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2011 AND DECEMBER 31, 2010:

MATTERHORN FINANCING & CY S.C.A.

Financial statements

for the period from September 25, 2012
(date of incorporation)
to December 31, 2012

Deloitte.

Deloitte Audit
Société à responsabilité limitée

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www.deloitte.lu

To the Sole Manager of
Matterhorn Financing & Cy S.C.A.
1-3, Boulevard de la Foire
L-1528 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Following our appointment by the Sole Manager, we have audited the accompanying annual accounts of Matterhorn Financing & Cy S.C.A., which comprise the balance sheet as at December 31, 2012 and the profit and loss account for the period from September 25, 2012 to December 31, 2012, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Sole Manager for the annual accounts

The Sole Manager is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Sole Manager determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier.* Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Sole Manager, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Société à responsabilité limitée au capital de 35.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement : 10022179

Deloitte.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Matterhorn Financing & Cy S.C.A. as of December 31, 2012, and of the results of its operations for the period from September 25, 2012 to December 31, 2012, in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

Marco Crosetto, *Réviseur d'entreprises agréé*
Partner

April 5, 2013

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Matterhorn Financing & Cy S.C.A.

Balance sheet as at December 31, 2012
(expressed in CHF)

	Note	December 31, 2012 CHF
ASSETS		
Fixed assets		
Financial assets		
Shares in affiliated undertakings	*2.2, 3*	483,232,017
Current assets		
Cash at bank and in hand		30,400
Total Assets		**483,262,417**
LIABILITIES		
Capital and reserves		
Subscribed capital	*4*	96,686,405
Share premium and similar premiums	*4*	386,585,612
Result for the financial period		(70,577)
		483,201,440
Non-subordinated debts	*2.5*	
Amounts owed to credit institutions becoming due and payable after less than one year		58
Trade creditors becoming due and payable after less than one year		58,987
Tax and social security		
Tax		1,932
		60,977
Total Liabilities		**483,262,417**

The accompanying notes form an integral part of these annual accounts.

Matterhorn Financing & Cy S.C.A.

Profit and loss account for the period from September 25, 2012 to December 31, 2012 (expressed in CHF)

	Note	For the period from September 25, 2012 to December 31, 2012 CHF
CHARGES		
Other external charges		68,256
Interest payable and similar charges other interest payable and similar charges		389
Tax on profit or loss	*6*	1,902
Other taxes not included in the previous caption	*6*	30
Total charges		**70,577**
INCOME		
Loss for the financial period		70,577
Total income		**70,577**

The accompanying notes form an integral part of these annual accounts.

Matterhorn Financing & Cy S.C.A.

Notes to the annual accounts as at December 31, 2012

Note 1—General

Matterhorn Financing & Cy S.C.A. (the "Company") is a Luxembourg holding company incorporated on September 25, 2012 as a "société en commandite par actions" for an unlimited duration.

The Company's registered office was established at 41, Boulevard du Prince Henri, L-1724 Luxembourg at incorporation and the Company changed its registered address to 1-3, Boulevard de Ia Foire, L-1528 Luxembourg on October 1, 2012. The Company is registered with the register of Commerce in Luxembourg under B 171 751.

The Company's financial year begins on January 1 and ends on December 31 with the exception of the first year, which begins on the date of the incorporation of the Company and terminates on December 31, 2012.

The corporate object of the Company is to acquire participations in any company or enterprise in any form whatsoever. The principal activity of the Company is to grant loans to companies which form part of the group of companies to which the Company belongs.

The company General Partner is Matterhorn S.à r.l.

Note 2—Accounting policies

2.1 General principles

The annual accounts of the Company are prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. The books and records are maintained in Swiss Francs (CHF) and the annual accounts have been prepared in accordance with the valuation rules and accounting policies described below.

Accounting policies and valuation rules are, besides the ones laid down by the Law of December 19, 2002 as amended by the Law of December 20, 2010, determined and applied by the Sole Manager.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Sole Manager to exercise their judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Sole Manager believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 Financial assets

Shares in affiliated undertakings are recorded at their acquisition price. The acquisition price includes charges and expenses in connection with the acquisition.

At the end of each financial year, a value adjustment is made on the basis of an evaluation of each individual asset, for any diminution in value, which is considered to be of a durable nature.

Loans granted to affiliated undertakings, defined as financial fixed assets, are stated at their nominal less any durable diminution in value.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 2—Accounting policies (Continued)

2.3 Foreign currency translation

The Company maintains its accounting records in Swiss Francs (CHF) and the accounts are expressed in this currency.

Financial assets expressed in currencies other than CHF are translated into CHF at the exchange rates prevailing at the date of transaction.

Non-subordinated debts expressed in currencies other than CHF having an economic link and similar characteristics with financial assets are recorded at exchange rates prevailing at transaction date.

In the case of an economic link and similar characteristics between an asset and a liability, they are translated globally and, the net exchange loss is accounted for in the profit and loss account for the period and the net unrealised exchange gains are not recognised.

Other assets and liabilities expressed in currencies other than CHF are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

2.4 Debtors

Debtors are recorded at their nominal value. A value adjustment is made when their reimbursement is partly or completely in doubt. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5 Debts

Debts are recorded at their reimbursement value. Where the amount repayable is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

2.6 Provisions

Provisions are intended to cover losses or debts the nature of which is clearly defined and which at the balance sheet date are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Note 3—Shares in affiliated undertakings

As at December 31, 2012 the Company holds a participation for an acquisition cost of CHF 483,232,017.

Name	Cost as at 25.09.12 CHF	Movements of the period CHF	Cost as at 31.12.12 CHF	(Value adj.) / Reversal of value adj. CHF	Net book value as at 31.12.12 CHF
Matterhorn Midco & Cy S.C.A.	—	483,232,017	483,232,017	—	483,232,017
-		**483,232,017**	**483,232,017**	**—**	**483,232,017**

Undertaking's name *(CHF)*	Registered Office of the undertaking	Ownership percentage as at 31.12.2012	Net book value as at 31.12.2012	Shareholder's equity as at 31.12.2012 (1)	Result for the period ended 31.12.2012 (1)
Matterhorn Midco & Cy S.C.A.	1-3, Boulevard de Ia Foire L-1528 Luxembourg	100%	483,232,017	478,027,703	(11,709,495)

(1) Information on the Company's subsidiary is based on the audited annual accounts as at December 31, 2012 and the shareholder's equity includes the result of the current financial period. The audited annual accounts of the subsidiary were prepared in accordance with Luxembourg legal and regulatory requirements.

Note 4—Subscribed capital and share premium and similar premiums

The Company was incorporated on September 25, 2012 with a share capital of CHF 40,000 represented by 40,000 ordinary shares fully paid-up of CHF 1 each.

On November 28, 2012, the capital was increased by the issuance of 96,646,405 ordinary shares with a par value of CHF 1 each and with a share premium of CHF 386,585,612 by the contribution in kind of the shares in Matterhorn Midco & Cy S.C.A. to the Company by its sole shareholder.

As at December 31, 2012, the capital of the Company amounts to CHF 96,686,405 represented by 96,686,405 ordinary shares fully paid-up of CHF 1 each with a share premium of CHF 386,585,612.

Note 5—Legal reserve

In accordance with Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve until the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution.

Note 6—Tax status

The Company is subject in Luxembourg to the applicable general tax regulations.

Note 7—Subsequent events

There are no subsequent events having a significant impact on these annual accounts.

MATTERHORN MOBILE HOLDINGS S.A.

Consolidated financial statements

Year ended December 31, 2012

Matterhorn Mobile Holdings S.A.

Consolidated financial statements for the
—Two-month period ended February 29, 2012 (Predecessor)
—Ten-month period ended December 31, 2012 (Successor)

Deloitte.

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To the Shareholders of Matterhorn Mobile Holdings S.A.

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

We have audited the accompanying consolidated financial statements of Matterhorn Mobile Holdings S.A. which comprise the consolidated statement of financial position as of December 31, 2012 (Successor) and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, cash flows for the ten-month period from March 1, 2012 to December 31, 2012 (Successor) and for the two-month period from January 1, 2012 to February 29, 2012 (Predecessor), and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the réviseur d'entreprises agréé's judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Matterhorn Mobile Holdings S.A. as of December 31, 2012 (Successor), of its financial performance and its consolidated cash flows for the ten-month period from March 1, 2012 to December 31, 2012 (Successor) and for the two-month period from January 1, 2012 to February 29, 2012 (Predecessor) in accordance with International Financial Reporting Standards as adopted by the European Union.

For Deloitte Audit, *Cabinet de revision agréé*

Marco Crosetto, *Réviseur d'entreprises agréé*
Partner

March 28, 2013

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CONSOLIDATED INCOME STATEMENT

(in thousands of Swiss Francs)	Notes	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Revenue	*4*	**1,118,056**	**203,560**	**1,248,773**
Access backbone and interconnection	*5*	(184,261)	(35,664)	(226,757)
Commercial expenses and cost of equipment sold	*5*	(354,412)	(58,138)	(364,218)
Network, IT, property expenses and other purchases	*5*	(146,800)	(31,010)	(175,344)
Labour expenses	*9*	(113,338)	(23,155)	(142,885)
Other operating expenses	*12*	(16,788)	(4,773)	(20,020)
Other operating income	*12*	4,065	7,951	22,987
Result on disposal and other gains	*6*	122	10	—
Restructuring and transaction costs	*3,8*	(45,290)	(1,079)	(2,873)
Corporate and brand fees		(18,897)	(4,991)	(29,255)
Depreciation, amortization and impairment	*6*	(238,827)	(29,702)	(196,565)
Operating income		**3,629**	**23,009**	**113,843**
Financial expenses		(100,362)	(2,373)	(19,556)
Financial income		5,426	73	2,244
Finance costs, net	*10*	**(94,936)**	**(2,300)**	**(17,312)**
Net income / (loss) before tax		**(91,308)**	**20,709**	**96,531**
Income tax	*7*	(13,512)	(5,828)	3,695
Net income / (loss)		**(104,820)**	**14,881**	**100,226**
Net income / (loss) attributable to equity owners		(104,820)	14,881	100,226

the accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Swiss Francs)	Notes	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Net income / (loss)		**(104,820)**	**14,881**	**100,226**
Gains / (losses) on cash flow hedge (1)	*10*	(9,756)	—	4,195
Actuarial gains / (losses) on post-employment benefits	*9*	4,404	—	(30,875)
Deferred tax on items recognized directly in other comprehensive income / (loss)		1,643	—	7,864
Other comprehensive income / (loss) after tax		**(3,709)**	**—**	**(18,816)**
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		**(108,529)**	**14,881**	**81,410**

the accompanying notes are an integral part of the consolidated financial statements

(1) In 2011, the amount of 4,195 KCHF related to gains and losses on cash flow hedge on previous periods was recycled through income statement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Swiss Francs)	Notes	December 31, 2012 Successor	December 31, 2011 Predecessor
ASSETS			
Non-current assets			
Goodwill	*3*	465,561	—
Other intangible assets	*6*	1,009,233	167,917
Property, plant and equipment	*6*	678,848	695,709
Hedging derivatives assets	*10*	7,526	—
Other non-current assets	*12*	6,603	6,108
Deferred tax assets	*7*	32,436	131,631
Total non-current assets		**2,200,207**	**1,001,365**
Current assets			
Inventories	*5*	18,230	26,432
Trade receivables	*4*	318,140	302,481
Other current assets	*12*	9,596	2,049
Hedging derivatives assets	*10*	6,917	—
Prepaid expenses		5,176	563
Cash and cash equivalents	*12*	139,691	429,500
Total current assets		**497,750**	**761,025**
Assets classified as held for sale	*6*	—	18,057
TOTAL ASSETS		**2,697,957**	**1,780,447**

the accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Swiss Francs)	Notes	December 31, 2012 Successor	December 31, 2011 Predecessor
EQUITY AND LIABILITIES			
Equity			
Share capital		147,741	400,000
Share premium		500,086	200,000
Retained earnings / (Accumulated deficit)		(104,820)	(331,180)
Reserves		(3,709)	(46,511)
Total equity	**12**	**539,297**	**222,309**
Non-current liabilities			
Fixed assets payables	*6*	61,881	—
Borrowings and other financial liabilities	*10*	1,265,490	917,063
Hedging derivatives liabilities	*10*	10,121	—
Employee benefits obligations	*9*	51,986	54,374
Provisions	*8*	91,593	81,746
Other liabilities	*12*	758	—
Deferred tax liabilities	*7*	101,764	3,432
Total non-current liabilities		**1,583,593**	**1,056,615**
Current liabilities			
Trade payables	*11*	415,806	357,323
Fixed assets payables	*6*	59,624	73,224
Borrowings and other financial liabilities	*10*	24,884	2,565
Hedging derivatives liabilities	*10*	6,357	—
Employee benefits obligations	*9*	13,852	15,050
Provisions	*8*	6,109	2,110
Other liabilities	*12*	19,218	14,949
Deferred income	*4*	29,218	36,302
Total current liabilities		**575,067**	**501,523**
TOTAL EQUITY AND LIABILITIES		**2,697,957**	**1,780,447**

the accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Predecessor (in thousands of Swiss Francs)	Notes	Share capital	Share premium	Cash flow hedging reserve	Actuarial gains & losses	Retained earnings / (Accumulated deficit)	Total equity attributable to equity holders
Balance at January 1, 2011		**400,000**	**200,000**	**(4,195)**	**(23,500)**	**(431,395)**	**140,910**
Net income / (loss)						100,226	100,226
Gains / (losses) on cash flow hedge (1)				4,195			4,195
Actuarial gains / (losses) on post-employment benefits					(30,875)		(30,875)
Deferred tax on items recognized directly in other comprehensive income / (loss)					7,864		7,864
Total comprehensive income / (loss)		**—**	**—**	**4,195**	**(23,011)**	**100,226**	**81,410**
Other movements						(11)	(11)
Balance at December 31, 2011		**400,000**	**200,000**	**—**	**(46,511)**	**(331,180)**	**222,309**
Net income / (loss) after tax						14,881	14,881
Total comprehensive income / (loss)		**—**	**—**	**—**	**—**	**14,881**	**14,881**
Balance at February 29, 2012		**400,000**	**200,000**	**—**	**(46,511)**	**(316,299)**	**237,190**

Succcessor (in thousands of Swiss Francs)		Share capital	Share premium	Cash flow hedging reserve	Actuarial gains & losses	Retained earnings / (Accumulated deficit)	Total equity attributable to equity holders
Balance at March 1, 2012	*12*	**80**	**—**	**—**	**—**	**—**	**80**
Net income / (loss)						(104,820)	(104,820)
Gains / (losses) on cash flow hedge				(9,756)			(9,756)
Actuarial gains / (losses) on post-employment benefits					4,404		4,404
Deferred tax on items recognized directly in other comprehensive income / (loss)				2,810	(1,167)		1,643
Total comprehensive income / (loss)		**—**	**—**	**(6,947)**	**3,237**	**(104,820)**	**(108,529)**
Capital increase	*12*	147,661	590,645				738,306
Repayment of share premium	*12*		(91,800)				(91,800)
Share premium increase			1,240				1,240
Balance at December 31, 2012		**147,741**	**500,086**	**(6,947)**	**3,237**	**(104,820)**	**539,297**

the accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Swiss Francs)	Notes	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
OPERATING ACTIVITIES				
Net income / (loss)		(104,820)	14,881	100,226
Adjustments to reconcile net income/(loss) to funds generated from operations				
Depreciation and amortization	*6*	219,673	28,759	191,114
Impairment of non-current assets	*6*	19,155	943	5,451
Result on disposal of PPE	*6*	(122)	(10)	—
Change in other provisions		2,952	1,676	678
Income tax recognized in the income statement	*7*	13,512	5,828	(3,695)
Interest income and expense, net		99,077	2,332	16,794
Foreign exchange gains and losses, net		(3,112)	292	990
Derivatives	*10*	(2,463)	—	(540)
Change in inventories, trade receivables and trade payables				
Decrease/(increase) in inventories	*5*	6,197	2,903	(3,360)
Decrease/(increase) in trade receivables		(1,837)	(15,053)	(29,333)
Increase/(decrease) in trade payables		35,987	24,581	12,476
Other changes in working capital requirements				
Decrease/(increase) in other receivables (1)		27,093	(39,235)	17
Increase/(decrease) in other payables (2)		(2,526)	(325)	6,111
Other net cash out				
Interest income received (3)		—	—	250
Interest paid and interest rates effects on derivatives, net (3)		—	—	(16,459)
Income tax paid	*7*	(638)	(67)	(394)
Decrease / (increase) in deposits		(508)	13	—
Net cash provided by operating activities		**307,620**	**27,518**	**280,326**
INVESTING ACTIVITIES				
Purchases/sales of property, plant and equipment and intangible assets				
Purchases of property, plant and equipment and intangible assets	*6*	(218,612)	(31,088)	(123,850)
Proceeds from sales of property, plant and equipment and intangible assets		27,276	225	—
Purchase of interests in subsidiaries, net of cash acquired		(1,317,286)	—	—
Net cash used in investing activities		**(1,508,622)**	**(30,863)**	**(123,850)**
FINANCING ACTIVITIES				
Issuance				
Bonds	*10*	1,301,913	—	—
Bonds issuance costs	*10*	(36,547)	—	—
Term loan A	*10*	102,197	—	—
Term loan A issuance costs		(15,970)	—	—
Long-term debt		—	89	—
Interest income received		146	73	
Redemptions and repayments				
Term loan A	*10*	(102,197)	—	—
Repayment of France Telecom loan	*10*	(508,438)	(408,562)	—
Long-term debt		(136)	—	(95)
Interest paid and interest rates effects on derivatives, net		(60,728)	(5,102)	
Other changes				
Equity contribution from APEM	*12*	738,306	—	—
Share premium increase	*12*	1,240	—	—
Repayment of Share premium	*12*	(91,800)	—	—
Net cash provided by / (used in) financing activities		**1,327,988**	**(413,502)**	**(95)**
Net change in cash and cash equivalents		**126,985**	**(416,847)**	**156,381**
Cash and cash equivalents at beginning of period	**12**	**12,710**	**429,500**	**274,108**
Effect of exchange rates changes on cash and cash equivalents		(4)	(22)	(989)
Net change in cash and cash equivalents		126,985	(416,847)	156,381
Cash and cash equivalents at end of period	**12**	**139,691**	**12,631**	**429,500**

(1) Mainly consists of prepaid expenses

(2) Mainly consists of VAT payables

(3) Reclassified in financing activities in 2012

the accompanying notes are an integral part of the consolidated financial statements

SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision-Maker (the Board of Directors), and have been prepared in accordance with the Group's accounting policies. The operating segments have been determined based on the Management reports reviewed by the Board of Directors.

Assets and liabilities are not allocated to operating segments in the management reports reviewed by the Board of Directors, as the review focuses on the development in net working capital for the Group.

"EBITDA" is defined by Management as the Net income before Depreciation, Amortisation and Impairment, Net financial items and Income taxes. Head office costs have been allocated among operating segments.

The "Adjusted EBITDA" is the main measure reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance. The "Adjusted EBITDA", defined by Management, refers to the "EBITDA" before Corporate and brand fees, Restructuring and transaction costs, and the Result on disposal of fixed assets and other non-recurring items.

The Group activity is mainly operated in Switzerland.

The Group's internal reporting is based on the following segments:

- Consumer: relates to consumers
- Enterprise: relates to business segment
- Wholesale & MVNO (Mobile Virtual Network Operator): relates to the activity generated through wholesale, including via MVNO agreements.

	Consumer			Enterprise			Wholesale & MVNO			Unallocated			Total		
	Successor	Predecessor		Successor	Predecessor		Successor	Predecessor		Successor	Predecessor		Successor	Predecessor	
(in thousands of Swiss Francs)	**1 Mar to 31 Dec 12**	**1 Jan to 29 Feb 12**	**1 Jan to 31 Dec 11**	**1 Mar to 31 Dec 12**	**1 Jan to 29 Feb 12**	**1 Jan to 31 Dec 11**	**1 Mar to 31 Dec 12**	**1 Jan to 29 Feb 12**	**1 Jan to 31 Dec 11**	**1 Mar to 31 Dec 12**	**1 Jan to 29 Feb 12**	**1 Jan to 31 Dec 11**	**1 Mar to 31 Dec 12**	**1 Jan to 29 Feb 12**	**1 Jan to 31 Dec 11**
Revenue	**894,216**	**161,087**	**978,915**	**144,359**	**27,294**	**160,941**	**68,828**	**14,463**	**93,256**	**10,652**	**716**	**15,662**	**1,118,056**	**203,560**	**1,248,773**
Access backbone and interconnection	(141,506)	(26,808)	(191,699)	(22,996)	(5,737)	(13,538)	(18,221)	(2,746)	(21,161)	(1,538)	(373)	(359)	(184,261)	(35,664)	(226,757)
Commercial expenses and cost of equipment sold	(304,769)	(49,628)	(314,571)	(34,511)	(5,171)	(34,877)	(15,666)	(2,841)	(13,355)	534	(498)	(1,415)	(354,412)	(58,138)	(364,218)
Network, IT, property expenses and other operating income / expenses	(137,173)	(23,968)	(135,013)	(18,327)	(3,369)	(26,878)	(4,898)	(446)	(5,719)	875	(49)	(4,767)	(159,523)	(27,832)	(172,377)
Labour expenses	(88,745)	(18,143)	(111,662)	(16,622)	(3,480)	(21,104)	(7,942)	(1,530)	(10,131)	(29)	(2)	12	(113,338)	(23,155)	(142,885)
Adjusted EBITDA	**222,023**	**42,540**	**225,970**	**51,903**	**9,537**	**64,543**	**22,101**	**6,900**	**42,890**	**10,494**	**(205)**	**9,133**	**306,521**	**58,772**	**342,536**
Corporate and brand fees	(14,779)	(3,918)	(22,101)	(2,620)	(710)	(4,023)	(1,320)	(343)	(2,330)	(177)	(19)	(801)	(18,897)	(4,991)	(29,255)
Restructuring and transaction costs	—	—	—	—	—	—	—	—	—	(45,290)	(1,079)	(2,873)	(45,290)	(1,079)	(2,873)
Result on disposal and other gains	—	—	—	—	—	—	—	—	—	122	10	—	122	10	—
EBITDA	**207,244**	**38,621**	**203,869**	**49,282**	**8,827**	**60,519**	**20,781**	**6,557**	**40,560**	**(34,851)**	**(1,293)**	**5,459**	**242,456**	**52,712**	**310,407**

SEGMENT INFORMATION (Continued)

EBITDA to Net Income reconciliation

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
EBITDA	**242,456**	**52,712**	**310,407**
Depreciation, amortization and impairment	(238,827)	(29,702)	(196,565)
Operating income	**3,629**	**23,009**	**113,843**
Financial expenses	(100,362)	(2,373)	(19,556)
Financial income	5,426	73	2,244
Finance costs, net	**(94,936)**	**(2,300)**	**(17,312)**
Net income / (loss) before tax	**(91,308)**	**20,709**	**96,531**
Income tax	(13,512)	(5,828)	3,695
Net income / (loss)	**(104,820)**	**14,881**	**100,226**
Net income / (loss) attributable to equity owners	(104,820)	14,881	100,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Description of business and basis of preparation of the consolidated financial statements

1.1 Description of business and purpose of preparation

Olympus Debtco S.A. was incorporated on December 23, 2011 in Luxembourg. At this date, it founded its subsidiary Olympus Bidco S.A.. These companies were established by Apax WW Nominees Ltd to acquire a 100% interest in Orange Communications SA. On January 27, 2012, these companies were renamed Matterhorn Mobile Holdings S.A. (hereafter "the Company") and Matterhorn Mobile S.A., respectively.

The Company indirectly holds 100% of its principal operating company, Orange Communications SA, which was incorporated on January 10, 1998 in Lausanne, Switzerland and its subsidiaries (all together, the "Group"). Please refer to note 13 for all companies included in the Group.

Orange Communications SA and its subsidiaries (hereafter "Orange Switzerland") provide consumers, businesses and other telecommunication operators with a wide range of services including mobile telecommunications, data transmission, Internet and other value-added services. Orange Switzerland was acquired by Matterhorn Mobile S.A. on February 29, 2012 (the "Transaction Date").

These consolidated financial statements as at December 31, 2012 (Successor) and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from March 1, 2012 to December 31, 2012 (Successor) and for the period from January 1, 2012 to February 29, 2012 (Predecessor) were approved and authorised for issue on March 27, 2013 by the Board of Directors of Matterhorn Mobile Holdings S.A.

1.2 Basis of preparation of the 2012 consolidated financial statements

In these consolidated financial statements, "Successor" refers to the Company and "Predecessor" refers to Orange Switzerland prior to the Acquisition. The consolidated financial statements are presented for Successor and Predecessor periods, which relate to the accounting periods after and before the transaction date. The Successor and Predecessor periods have been separated by a vertical line on the face of the consolidated financial statements to highlight the fact that the financial information for such periods represents information for different legal entities.

(a) Successor periods

For periods from and after March 1, 2012, the consolidated financial statements include the operating results and financial position of the Company and its subsidiaries, including Orange Switzerland (Please refer to Note 13 for more details).

(b) Predecessor periods

For comparative purposes, Orange Switzerland consolidated financial statements have been included in the consolidated financial statements for periods prior to February 29, 2012. Orange Switzerland's financial performance and financial condition reflected in these accompanying financial statements may not be indicative of the Company's financial performance and financial condition in the future.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union.

This is the first financial year of Matterhorn Mobile Holdings S.A. Orange Switzerland has been considered as an ongoing IFRS issuer, since Orange Communications SA issued individual financial statements in accordance with IFRS until December 31, 2007, as well as consolidated financial statements as at December 31, 2008, 2009, 2010 and 2011. These consolidated financial statements have been prepared using the same accounting policies as those applied by Orange Switzerland prior to its acquisition by the Company.

Note 1—Description of business and basis of preparation of the consolidated financial statements (Continued)

1.2.1 Amendments to IFRS affecting amounts reported in the financial statements

The following revised standards and amendments which are effective for annual periods starting as from January 1, 2012, have been properly applied by the Group:

- IFRS 7 (amendments) Disclosures—Transfers of financial assets

The Group has applied the amendments to IFRS 7 Disclosures—Transfers of financial assets in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred. In the current year, the Group transferred certain trade receivables to Intrum Justicia for cash. These financial assets are derecognised in their entirety at the date of the transfer. However, the Group continues to have an involvement in the next 6 months following the transfer in very specific cases. In case of rejection of the receivables by Intrum Justicia AG, the Group has to repurchase the derecognised asset. In this case, the repurchase is accounted for a loss in the income statement.

Historically, this repurchase had no material effect in the Group's accounts. Please refer to note 4.2 for further information concerning trade receivables.

- IAS 12 (amendments) Deferred tax: Recovery of Underlying Assets

The Group has applied the amendments to IAS 12 in the current year. This amendment has not resulted in any changes in the Group's accounting policy of deferred taxes. This amendment has not impacted the disclosures of the financial statements.

1.2.2 New and revised IFRS in issue but not yet effective

The Group has not early adopted any IFRS as endorsed by the European Union, which is not yet effective.

It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. The Group is currently assessing the impact of the application of these standards, amendments and interpretations.

New standards and interpretations issued but not yet effective are the following:

- IAS 27 (revised) Separate financial statements

- IAS 28 (revised) Investments in associates and joint ventures

- IFRS 10 Consolidated financial statements

- IFRS 11 Joint arrangements

- IFRS 12 Disclosures of interests in other entities

- IFRS 10, IFRS 11 and IFRS 12 (amendments)

These five standards together with the amendments regarding the transition guidance will be effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided all of these standards are applied at the same time. The Group anticipates that the application of these five standards will not have a material impact on amounts reported in the consolidated financial statements.

- IFRS 13 Fair value measurement

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Group anticipates that the application of the new standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

Note 1—Description of business and basis of preparation of the consolidated financial statements (Continued)

- IFRS 7 (amendment) Offsetting financial assets and financial liabilities and IAS 32 (amendment) Offsetting financial assets and financial liabilities

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required. The Group anticipates that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

- IAS 19 (amendment) Employee benefits

IAS 19 was issued in February 1998 and is applicable to annual periods beginning on or after 1 January 1999, with a revised IAS 19 issued in June 2011 being applicable to annual periods beginning on or after 1 January 2013. The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to IAS 19 require retrospective application. Based on the Group's preliminary assessment, when the Group applies the amendments to IAS 19 for the first time for the year ending 31 December 2013, the profit after income tax for the year ended 31 December 2012 is expected to decrease by CHF 3.3 million and the other comprehensive income for the said year is expected to increase by CHF 3.7 million with the corresponding adjustments being recognised in the retirement benefit obligation and income tax liability.

- IFRS 9 Financial Instruments and IFRS 9 Financial instruments (amendments)

IFRS 9 was originally issued in November 2009, reissued in October 2010, and applies to annual periods beginning on or after 1 January 2015. The Group anticipates that the application of IFRS 9 and amendments to IFRS 9 may have an impact on amounts reported in the Group financial statements.

- IAS 1 (amendments)—Presentation of items of other comprehensive income

The amendments to IAS 1—Presentation of items of other comprehensive income ("OCI) are effective for annual periods beginning on or after 1 July 2012. The Group anticipates that the application of these amendments to IAS 1 may result in a presentation of items in OCI split between items to be recycled and items not recycled in the income statement.

- Annual Improvements to IFRS 2009-2011 Cycle issued in May 2012

The Group does not anticipate a significant impact on the Group's consolidated financial statements resulting from the amendments to IAS 16 and IAS 32.

1.3 Reclassifications

The presentation of the comparative figures for the consolidated income statement and statement of financial position is different from the presentation of the consolidated financial statements as at December 31, 2012 for clarity purposes.

Note 1—Description of business and basis of preparation of the consolidated financial statements (Continued)

The Group has not restated its December 31, 2011 consolidated financial statements. Impacts are immaterial and detailed below.

The following P&L reclassifications (without effect on the reported net profit / (loss)) have been made:

- During the year 2012, The Group changed its accounting policy regarding the sale of handsets via indirect channels. Impacts of the reclassification of certain costs from "Equipment revenues" to "Commercial expenses" were CHF (19.7) million in 2012 and would have been CHF (10.3) million in 2011. This reclassification did not result in any impact on Net Income, Statement of Financial Position or Statement of Cash Flow.

- Reclassification in 2012 of the Capital tax expense from "Other operating expenses" to "Financial expenses" (Please refer to note 4 & 10)—Impacts as at December 31, 2012 & December 31, 2011 were CHF 1.3 million and would have been CHF 3.3 million, respectively.

- Reclassification in 2012 of Content costs, previously classified as "Network, IT, property expenses and other purchases" and now classified as "Access backbone and interconnection" (Please refer to note 5). Impacts as at December 31, 2012 & December 31, 2011 were CHF 5.4 million and would have been CHF 6.0 million, respectively.

In addition, The group changed its accounting policy regarding stock in channel. The impact was a reclassification from inventory to cost of equipment sold for CHF (3.0) million and from deferred revenue to revenue for CHF (3.2) millions. The impact for 2011 would have been a reclassification from inventory to cost of equipment sold for CHF (2.5) millions and from deferred revenue to revenue for CHF (3.0) millions.

1.4 Use of estimates and judgements

In preparing the Group financial statements, the Group's management makes estimates, judgements and assumptions, insofar as many elements included in the financial statements cannot be measured with precision. These estimates and underlying assumptions are revised if the underlying circumstances evolve or in light of new information or experience.

Consequently, estimates made as at December 31, 2012 may subsequently be changed. The underlying assumptions used for significant estimates are as follows:

		Nature of estimate and judgement
Note 3	Business Combinations	Selection of the key measurement methods and assumptions used to identify intangible assets in business combinations.
Note 4.1	Revenues	Allocation of each separable component of a bundled offer based on the relative fair value of the individual components Straight-line recognition of revenue relating to invoiced service access fees depending on the nature of the product and historical contractual relationship Reporting of revenue on a net versus gross basis (depending on an analysis of the Group's involvement as either principal or agent)
Notes 4.2 & Note 10	Operating expenses and financial expenses	Qualification of tax expenses as Operating or Financial expense (Capital Tax).

Note 1—Description of business and basis of preparation of the consolidated financial statements (Continued)

		Nature of estimate and judgement
Note 2.3 & Note 2.9	Impairment	Impairment loss determination at the level of the Cash Generating Units ("CGU"), intangible assets and property, plant and equipment not generating cash inflows that are largely independent of those from CGUs Level of grouping of CGUs for goodwill impairment testing Key assumptions used to determine recoverable amounts: value in use (discount rate, perpetual growth rate, expected cash flows), market value (revenue and EBITDA multiples for comparable companies or transactions, cash flows) Assessment of economic and financial environment
Note 7	Income tax, deferred tax assets and liabilities	Assumptions used for recognition of deferred tax assets arising from the carry forward of unused tax losses and consequences of changes in tax laws
Note 6	Purchases of property, plant and equipment, intangible assets other than goodwill	Determination of the useful life of the assets based on an assessment of the technological, legal or economic environments
Note 9	Employee benefits	Discount rate, inflation rate, return rate on plan assets, salary increases, mortality table
Note 8	Provisions	Provisions for termination benefits and restructuring: discount rate, plan success rate Provisions for claims and litigation: assumptions underlying risk assessment and measurement Provisions for dismantling: churn rate, discount rate, antenna residual useful life and restoring cost
Note 10	Fair value of financial assets and liabilities	Financial models, selection of parameters

The consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue its operations under the scope as defined above.

1.5 Audit fees

The Group's consolidated financial statements are audited by Deloitte S.a.r.l, Luxembourg. The total fees are shown below:

(in thousands of Swiss Francs)	**2012**	**2011**
Audit fees	647	569
Other services (1)	1,558	—
Total fees	**2,205**	**569**

(1) Other services mainly relate to the services rendered in the context of the acquisition of Orange Communications S.A. by Funds advised by Apax Partners.

Note 2—Accounting policies

This note describes the accounting policies applied to prepare the consolidated financial statements for the years ended December 31, 2012 and December 31, 2011, for both Successor and Predecessor periods. When applicable, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

2.1 Presentation of the consolidated financial statements

Consolidated income statement

Expenses are presented in the income statement based on their nature.

Operating income corresponds to net income / (loss) before:

- financial expenses;

- financial income;
- income tax (current and deferred taxes).

Consolidated statement of comprehensive income

This statement reconciles the consolidated net income / (loss) to the comprehensive income / (loss) for the period. It presents other items of income and expense before tax ("components of other comprehensive income"), as well as the tax relating to such items which are not recognised in consolidated net income for the period:

- remeasurement of cash flow hedge instruments;
- remeasurement of actuarial gains or losses on defined benefit plans;
- total amount of tax relating to the above items.

Consolidated statement of financial position

Current and non-current items are presented separately in the statement of financial position: assets and liabilities with a term of no more than twelve months are classified as current, whereas assets and liabilities with a term of more than twelve months are classified as non-current.

Consolidated statement of cash flows

The statement of cash flows is reported using the indirect method from the consolidated net income and is broken down into three categories:

- net cash provided by operating activities;
- net cash used in investing activities;
- net cash provided by / (used in) financing activities.

Financial interests and income taxes are included in the cash flows arising from operating activities.

Segment reporting

The operating segments are components of the Group that engage in business activities and whose operating results based on the internal reporting are reviewed by the Chief Executive Officer (the chief operating decision-maker) in order to determine the allocation of resources and to assess of the operating segments' performance.

The Group operates in three operating segments: Consumer, Enterprise and Wholesale & MVNO.

2.2 Basis of consolidation

Subsidiaries that are controlled exclusively by the Group, directly or indirectly, are fully consolidated. Control is deemed to exist when the Group owns more than 50% of the voting rights of an entity or has power:

- over more than one half of the voting rights of the other entity by virtue of an agreement;
- to govern the financial and operating policies of the other entity under a statute or agreement;
- to appoint or remove the majority of the Members of the Board of Directors or equivalent governing body of the other entity; or
- to cast the majority of votes at meetings of the Board of Directors or equivalent governing body of the other entity.

Intragroup transactions and balances are eliminated in consolidation.

Note 2—Accounting policies (Continued)

2.3 Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred to the former owners of the acquiree by the Group, and the equity interests issued by the Group in exchange for control of the acquiree. Transaction costs are generally recognised as a profit or loss as incurred.

At the acquisition date, the identifiable assets and the liabilities assumed are recognised at their fair value, except that:

—deferred tax assets or liabilities, and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively and;

—assets that are classified as held for sale in accordance with IFRS 5—*Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of identifiable assets, liabilities and contingent liabilities taken over, regardless of the level of the investment held, is recognised as goodwill. Goodwill is not amortised, but tested annually for impairment.

Therefore, the evolution of general economic and financial trends, the different levels of resilience of the telecommunication operators with respect to the decline of local economic environments, the changes in the market capitalisation values of telecommunication companies, as well as actual economic performance compared to market expectations represent external indicators that are analysed by the Group, together with internal performance indicators, in order to assess whether an impairment test should be performed more than once a year.

IAS 36 requires that these tests be performed at the level of each Cash Generating Unit (CGU) or groups of CGUs which are likely to benefit from acquisition-related synergies, within an operating segment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This allocation is reviewed if the Group changes the level at which it monitors return on investment for goodwill testing purposes. To determine whether an impairment loss should be recognised, the carrying value of the assets and liabilities of the CGUs or groups of CGUs is compared to recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

Impairment loss for goodwill is recorded in operating expenses and is never reversed subsequently.

Intangible assets acquired in business combinations and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

Contingent consideration, if any, is recognised against the acquisition cost at the acquisition date if the adjustment is probable and can be measured reliably. Subsequent changes in contingent consideration are accounted for against goodwill during the measurement period.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, adjustments made within twelve months of the acquisition date to the provisional fair value of acquired assets, liabilities and contingent liabilities or cost of the acquisition, are adjusted to the initial goodwill unless they result from new information that did not exist at the date of acquisition. The adjustment is calculated as if it was recognised at the acquisition date and comparative figures are restated.

2.4 Effect of changes in foreign exchange rates

Functional and presentation currency

The Swiss Franc is the functional currency of all entities within the Group and is the Group's presentation currency.

Note 2—Accounting policies (Continued)

Transactions in foreign currencies

Transactions in foreign currencies are converted into the entities' functional currency at the exchange rate of the transaction date. Monetary assets and liabilities are remeasured at the exchange rate of the end of each reporting period and the resulting translation differences are recorded in the income statement:

- in operating income for commercial transactions;
- in financial income or financial expenses for financial transactions.

Both for transactions qualifying as hedge accounting and for transactions qualifying as economic hedge, the change in fair value of derivatives that can be attributed to changes in exchange rates is recorded in operating income when the underlying hedged item is a trade commercial transaction and in financial income when the underlying hedged item is a financial receivable or a liability. As the hedged item is not recognised in the statement of financial position in the context of a cash flow hedge of a highly probable forecast transaction, the effective portion of change in fair value of the hedging instrument is recorded in other comprehensive income and reclassified in:

- profit or loss in accordance with the precedent method with respect to financial assets and liabilities;
- the initial cost of the hedged item with respect to the non-financial assets and liabilities.

2.5 Revenue

Revenue from the Group activities is measured and accounted in accordance with IAS 18 "Revenue".

Separable components of bundled offers

Numerous packages offered by the Group include two components: equipment (e.g. a mobile handset) and service (e.g. a voice plan). As far as a sale with multiple products or services is concerned, the Group analyses all deliverables in the arrangement to determine whether they represent separate units of accounting. A component (product or service) is considered to be a separate unit of accounting if (i) it has a standalone value to the customer and (ii) there is objective and reliable evidence of the fair value of the undelivered component(s).

The fixed or determinable total amount in the arrangement is allocated to the components based on their relative fair value. However, when an amount allocated to a delivered component is contingent upon the delivery of additional components or the satisfaction of specific performance conditions, the amount allocated to that delivered component is limited to the non-contingent amount. The case arises in the mobile business for sales of bundled offers including a handset and a telecommunication access service. The handset is considered to have a standalone value to the customer, and there is objective and reliable evidence of fair value for the telecommunication access service to be delivered. As the amount that could be allocated to the handset generally exceeds the amount to be received from the customer at the date the handset is delivered, revenue recognised from the sale of the handset is generally limited to the amount in the arrangement that is not contingent upon the rendering of access services, i.e. the amount paid by the customer for the handset.

For offers that cannot be separated in identifiable components, revenues are recognised in full over the life of the contract. The main example relates to the connection service. The connection service is not a component which can be separated from the subscription and communication; therefore connection fees are recognised over the expected average life of the contractual relationship.

Equipment sales

Revenue from equipment sales is recognised when the significant risks and rewards of ownership are transferred to the customer.

Equipment rentals

In accordance with IFRIC 4 "Determining Whether an Arrangement Contains a Lease", equipment for which a right of use is granted is analysed in accordance with IAS 17 "Leases".

Note 2—Accounting policies (Continued)

Revenue from equipment lease is recognised on a straight-line basis over the life of the lease agreement, except when the lease is determined to be a finance lease; in such a case, equipment is then considered sold with deferred payment terms.

Content sales

The accounting for revenue sharing arrangements and supply of contents depends on the analysis of the facts and circumstances surrounding these transactions. Thus, an analysis is performed using the following criteria to determine whether the revenue is recognised on:

- a gross basis when the Group:

  —is the primary obligor in the arrangement;

  —bears inventory risk;

  —has a reasonable latitude in establishing price with the end-customer;

  —bears the customer's credit risk.

- a net basis when:

  —the service provider is responsible for the service and for establishing the price to be paid by the subscriber;

  —the service provider is responsible for supplying the content to the end-customer and for establishing the retail price.

Service sales

Revenue from telecommunication and Internet access subscription fees, including those from wholesale, is recognised on a straight-line basis over the subscription period.

Revenues from incoming and outgoing telephone calls, including those from the wholesale of traffic data, are recognised when the service is rendered.

Revenues from the sale of transmission capacity through cables as well as those from local loop unbundling are recognised on a straight-line basis over the life of the contract.

Promotional offers

Revenues are stated net of discounts. Certain commercial offers include a free service over a certain period (time-based incentives) when the customer commits to a fixed period contract. In such circumstances the total revenue generated under the contract is spread over the fixed and non-cancellable contract period.

Customised contracts

The Group offers customised solutions, in particular to its business customers. The related contracts are analysed as multiple-element transactions (including management of the telecommunication network, access, voice and data transmission and migration). The commercial discounts granted under these contracts, if certain conditions are fulfilled, are recorded as a deduction from revenue based on the specific terms of each contract. Migration costs incurred by the Group under these contracts are recognised in expenses when they are incurred.

2.6 Subscriber acquisition and retention costs, advertising and related cost

Subscriber acquisition and retention costs

Subscriber acquisition and retention costs, other than costs incurred in the context of loyalty programs, are recognised as an expense from the period in which they are incurred, i.e. upon acquisition or contract renewal. In some cases, contractual clauses with retailers include a profit-sharing based on revenue recognised and paid: such costs are recognised in profit or loss when the related revenue is recognised.

Note 2—Accounting policies (Continued)

Advertising and related costs

Advertising, promotion, sponsoring, communication and brand marketing costs are expensed when incurred.

2.7 Other intangible assets

Intangible assets mainly consist of licenses, content rights, indefeasible rights of use, patents, development costs and software.

Gross value

Intangible assets are initially recognised at their acquisition or production cost. When intangible assets are acquired in a business combination, their cost is determined in connection with the purchase price allocation based on their respective market value. When their market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally generated trademarks and subscriber bases are not recognised as assets.

Indefeasible Rights of Use (IRUs) acquired by the Group correspond to the right to use cable or capacity transmission cable granted for a fixed period. IRUs are recognised as assets when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right corresponds to the major part of the economic life of the underlying asset.

The Group's research and development projects mainly relate to the upgrade of the network architecture or functionality and the development of service platforms aimed at offering new services to the Group's customers. These projects generally give rise to the development of software. Development costs are only capitalised when the following conditions are met:

- the intent to complete the intangible asset and use or sell it and the ability of adequate technical and financial resources for this purpose;
- the probability that the intangible asset will generate future economic benefits for the Group; and
- expenditure related to the development of the intangible can be measured reliably.

Depreciation

Intangible assets are amortised on straight-line basis over their expected useful life.

Licenses to operate mobile telephone networks are amortised over the license period from the date when the network is technically ready and the service can be marketed. The right to operate a mobile network is recorded in an amount corresponding to the fixed portion of the royalties due when the license was granted. The variable user fee is expensed as incurred.

Intangible assets related to internal and external software developments are amortised over a period from 3-5 years.

Subsequent to initial recognition, intangibles assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.8 Property, plant and equipment

Gross Value

Fixed assets are recognised at their purchase or production cost, which include costs directly attributable to bringing the asset to the location and to a working condition for its intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, representing the obligation incurred by the Group.

The cost of networks includes design and construction costs, as well as costs related to the improvement in equipment and facility capacity.

The total cost of an asset is allocated to its different components. Each component is accounted for separately when the components have different useful lives or when the pattern in which their future economic benefits are expected to be consumed by the entity varies. Depreciation rate and method of such components are different accordingly.

Maintenance and repair costs are recognised in profit or loss as incurred, except where they serve to increase the productivity or useful life of the asset.

Operating / Finance leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the agreement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the agreement conveys a right to the Company Group to the use of the asset.

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased item to the Group. These are classified at the inception of the lease, in accordance with its nature and the associated liability, at the lower of the present value of the minimum lease payments or the fair value of the leased property. Lease payments are apportioned between finance costs and reduction of the principal of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are reflected in the income statement over the lease term.

In firm sale and leaseback transactions resulting in a finance lease, the asset sold is not derecognised and the case received is considered finance for the lease term. However, when the sale and leaseback transaction results in an operating lease, and it is clear that both the transaction and subsequent lease income are established at fair value, the asset is derecognised and any gain or loss generated on the transaction is recognised.

Depreciation

Depreciation is based on the cost of a property, plant and equipment less any residual value and reflects the pattern in which the future economic benefits of the asset are expected to be consumed. Thus, the asset is usually depreciated on the straight-line basis over the following estimated useful lives:

Buildings and leasehold improvements	10 to 30 years
Switching, transmission and other network equipment	5 to 10 years
Cables and civil works	15 to 30 years
Computer hardware	3 to 5 years

These useful lives are reviewed annually and are adjusted if they differ from previous estimates. These changes in accounting estimates are recognised prospectively.

2.9 Impairment of non-current assets

At the end of each reporting period, the Group reviews the carrying amount of its property, plant and equipment and intangible assets with definite useful life to determine whether there is any indication that those assets have suffered an impairment loss.

Indicators of impairment include events or circumstances occurring during the period (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators).

Note 2—Accounting policies (Continued)

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss (if any).

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which is assessed using the discounted cash flows method based on management's best estimate of the set of economic conditions. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of cash-generating units to which the asset belongs to.

The impairment loss recognised is equal to the difference between the net book value and the recoverable amount.

2.10 Non-current assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.11 Financial assets and liabilities

Financial assets and liabilities are recognised initially at fair value. They are subsequently measured either at fair value or amortised cost using the effective interest method depending on the category in which they are classified.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. This calculation includes all fees and points paid or received between parties to the contract.

Recognition and measurement of financial assets

The Group does not hold any financial assets qualifying as held-to-maturity assets.

2.11.1 Available-for-sale assets

Available-for-sale assets consist mainly of shares in non-consolidated companies. They are recognised and subsequently measured at fair value. Fair value corresponds to quoted price for listed securities. For non-listed securities fair value is estimated based on a valuation technique determined according to the most appropriate financial criteria in each circumstance (comparable transactions, multiples for comparable companies, discounted present value of future cash flows).

Temporary changes in value are booked in other comprehensive income as "Gains (losses) on financial assets available-for-sale".

When there is objective evidence that the asset is impaired, such as a significant or prolonged decline in the fair value of the asset, then the cumulative gain or loss previously accumulated in the equity is recycled to profit or loss.

2.11.2 Loans and receivables

This category mainly includes trade receivables, cash, certain deposits, as well as other loans and receivables. These instruments are recognised at fair value upon origination and are subsequently measured at amortised cost using the effective interest method. Short-term receivables with no stated interest rate are measured at initial nominal amount unless there is any significant impact resulting from the application of an implicit interest rate.

If there is any objective evidence of impairment of these assets, the value of the asset is reviewed at the end of each reporting period. An impairment loss is recognised in profit or loss when the financial asset carrying amount is higher than its recoverable amount.

Impairment of trade receivables is based on two methods:

- A statistical method: It is based on historical losses and leads to a separate impairment rate for each ageing balance category. This analysis is performed over a homogenous group of receivables with similar credit characteristics because they belong to a customer category (mass-market, small offices and home offices).

- A stand-alone method: The probability and the amount of impairment loss are estimated based on a set of relevant factors (ageing of late payment, other balances with the counterpart, rating from independent agencies, geographical area). This method is used for carriers and operators (domestic and international), local, regional and national authorities and for large accounts of Company Communication Services.

Recognition of impairment losses on a group of receivables is the step preceding the detection of impairment losses on individual receivables. When information is available (clients in bankruptcy or subject to equivalent judicial proceedings), these receivables are then excluded from the statistical database and individually impaired.

Financial assets are fully or partially derecognised when:

- The rights to receive cash flows from the asset have expired.

- An obligation to pay the cash flows received from the asset to a third party has been assumed.

- The rights to receive cash flows from the asset have been transferred to a third party and all the risks and rewards of the asset have been substantially transferred.

2.11.3 Financial assets or financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are:

- assets held for trading that the Group acquired principally for the purpose of selling them in the short term;

- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking;

- derivative assets not qualifying for hedge accounting.

Recognition and measurement of financial liabilities

2.11.4 Borrowings and other liabilities

Borrowings and other financial liabilities at amortised cost are recognised upon inception at fair value of the sums paid or received in exchange of the liability, and subsequently measured at amortised cost using the effective interest method. Current interest-free payables are booked at their nominal value.

Transaction costs that are directly related to the acquisition or issuance of a financial liability are deducted from its carrying value. The costs are subsequently amortised over the life of the liability by using the effective interest method.

Within the Group, some financial liabilities at amortised cost are subject to hedge accounting. It relates mostly to fix rate borrowings hedged against changes in interest rate and currency value (fair value hedge) and to foreign currency borrowings in order to hedge future cash flows against changes in currency value (cash flow hedge).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist mainly of derivative instruments described below.

2.11.5 Recognition and measurement of hedging derivatives liabilities

Derivatives are measured at fair value and are presented in the statement of financial position according to their maturity date whether or not they do qualify for hedge accounting under IAS 39.

Derivatives are financial assets or liabilities measured at fair value through profit or loss and are classified in a separate line item of the statement of the financial position when they qualify for hedge accounting.

Hedge accounting is applicable when:

- at the inception of the hedge there is a formal designation and documentation of the hedging relationship;

- at the inception of the hedge and in subsequent periods the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows related to the hedged risk during the period for which the hedge is designated (i.e. the actual results of the hedge are within a range of 80-125%).

Both types of hedge accounting are the following:

- the fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment (or an identified portion of the asset or liability or firm commitment) that are attributable to a particular interest rate and/or currency risk and could affect profit or loss. Hedged portion of these items is remeasured at fair value. Change in this fair value is recognised in the statement of financial position and in profit or loss but balanced by the symmetrical changes in the hedging financial instruments fair value to the limit of the hedge effectiveness.

- the cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular interest rate and/or currency risk associated with a recognised asset or liability or a highly probable forecast transaction (such as a future purchase or sale) and could affect profit or loss. The hedged item being not recognised, the effective portion of change in fair value of the hedging instrument is recognised in other comprehensive income. Such amounts are recycled to profit or loss when the hedged financial asset or hedged financial liability affects the income statement. When hedged item is not a financial asset or a financial liability, such amounts are reclassified in its initial cost.

Hedge accounting can be terminated when the hedged item is no longer recognised, when the Group voluntarily revokes the designation of the hedging relationship, or when the hedging instrument is terminated or exercised. The accounting consequences are for:

- fair value hedge: at the hedge accounting termination date, the adjustment of the debt fair value is based on a recalculated effective interest rate at the date amortisation begins;

- cash flow hedge: amounts booked in other comprehensive income are immediately reclassified in profit or loss when the hedged item is no longer recognised or, in all other cases, when the hedged item affects profit or loss.

In both cases, subsequent changes in the value of the hedging instrument are recorded in profit or loss.

2.12 Inventory

Inventories comprise handsets and related accessories for resale and are measured at the lower of their cost and their net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

Obsolete, defective or slow-moving inventories have been written down to estimated net realisable value. The recoverable amount of inventory is calculated based on inventory age and turnover.

2.13 Income and deferred taxes

The income tax expense is reviewed each year and includes both current and deferred taxes.

Note 2—Accounting policies (Continued)

Current tax is measured by the Group at the amount expected to be paid to or recovered from the tax authorities of each country, based on its interpretation with regard to the application of tax legislation.

Deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, using the liability method taking into account the tax rates, which are enacted or substantially enacted at the end of the reporting period. Deferred tax assets are recognised only when their realisation is considered probable.

Deferred tax assets arising from tax losses are not recognised under certain circumstances specific to each tax entity, and particularly when:

- entities cannot assess the probability of the tax loss carryforwards being set off against future taxable profits, due to forecasts horizon and uncertainties as to the economic environment;

- entities have not yet begun to use the tax loss carryforwards;

- entities do not expect to use the losses within the timeframe allowed by tax regulations;

- tax losses are uncertain to be used due to the risks of divergent interpretations with regard to the application of tax legislation.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.14 Provisions

A provision is recognised when the Group has a present obligation towards a third party as resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's actions where, by an established pattern of past practice or published policies creating a valid expectation on the part of other parties that the Group will discharge certain responsibilities.

The estimate of the amount of the provision corresponds to the probable outflow of resources likely to be incurred by the Group to settle its obligation.

Contingent liabilities are disclosed in the notes to the financial statements. They correspond to:

- probable obligations resulting from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control; or

- present obligations arising from past events that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with a sufficient reliability.

Litigation

In the ordinary course of business, the Group is involved in a number of legal and arbitration proceedings and administrative actions. The costs that might result from these proceedings are only accrued when they are probable and when their amount can be quantified or estimated within a reasonable range. The amount of provision recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk.

Note 2—Accounting policies (Continued)

Restructuring

Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan, prior to the end of the reporting period.

Asset Retirement Obligation

The Group is required to dismantle equipment and restore sites and office buildings. Provision is measured as the best estimate of the amount required to settle its obligations (on a per site basis for mobile antennas). These dismantling costs are calculated on the basis of the identified costs for the current financial year, extrapolated for future years using the best estimate of future trends in prices, inflation, etc., and are discounted at a risk-free rate, based on market yields on high quality corporate bonds (or on government bonds when no corporate bond market exists). This estimate is revised at the end of each reporting period and adjusted, when appropriate. The asset to which the provision relates is also adjusted for the corresponding amount.

2.15 Employee benefits

The Group is affiliated to a legally independent pension fund. The annual contributions to this fund are made by both employee and employer in accordance with unchanged regulatory provisions. This is a defined contribution plan according to Swiss legislation, but it qualifies as a defined benefit plan under IAS 19 due to the constructive obligation of the employer to guarantee a minimum rate of interest and a fixed conversion rate.

The Group contributes to a retirement plan established for the benefit of its employees, which has been incorporated on December 30, 1998 as a separate legal entity. The plan is providing several categories of coverage and the employees' contributions are based on various percentages of their gross salaries. All employees are entitled to participate in the plan for retirement, disability or death. The Group's contributions exceed those of the employees. The risks of disability and death are entirely reinsured by an insurance company.

The Group's obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value of the obligation, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary in accordance with the projected unit credit method. Actuarial gains or losses related to the defined benefit plan are recognised in other comprehensive income.

2.16 Cash & cash equivalents

Cash and cash equivalents comprise cash on hand and at banks, demand deposits and other highly liquid investments with an original maturity of three months or less. These items are stated at historical cost, which does not differ significantly from realisable value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are shown net of any outstanding bank overdrafts.

Note 3—Business combinations

3.1 Purchase Price Allocation ("PPA")

On December 23, 2011, France Telecom and Funds advised by Apax Partners LLP signed an agreement under which 100% of Orange Switzerland was sold to investment funds advised by Apax Partners LLP to complete their portfolio of investments in the Technology and Telecommunications sector. The transaction was approved by competent competition and regulatory authorities.

The acquisition of Orange Switzerland by Funds advised by Apax Partners LLP (indirectly via Matterhorn Mobile Holdings S.A.) was effective on February 29, 2012 ("the Transaction Date").

Note 3—Business combinations (Continued)

The following table summarizes the consideration paid for Orange Switzerland, the carrying value of the net assets acquired as at the transaction date and the fair value of the identifiable assets acquired and liabilities assumed by allocating the purchase price consideration for Orange Switzerland:

(in thousands of Swiss Francs)	**Carrying value at February 29, 2012**	**Allocation of purchase price**	**Fair value at February 29, 2012**
Other intangible assets			
o/w Customer contracts	—	776,000	776,000
o/w Reseller Agreements	—	8,000	8,000
o/w MVNO Agreements	—	19,000	19,000
o/w Licences	23,600	(16,957)	6,643
Other non-current assets	956,000	—	956,000
Total non-current assets	**979,600**	**786,043**	**1,765,643**
Total current assets	**394,965**	**—**	**394,965**
Total non-current liabilities (1)	**645,083**	**180,532**	**825,615**
Total current liabilities	**510,349**	**—**	**510,349**
Asset classified as held for sale	**18,057**	**9,023**	**27,080**
Net assets acquired	**237,190**	**614,535**	**851,725**
o/w attributable to owners of the Parent	237,190	614,535	851,725
Initial purchase price			**1,320,329**
Purchase price adjustment (2)			(3,043)
Final purchase price			**1,317,286**
Goodwill arising on acquisition			**465,561**

(1) Total non-current liabilities include deferred tax liabilities recognised on PPA.
(2) Following the Completion period requirements, the purchase price has been adjusted by CHF 3.0 million.

Customer contracts, Reseller and MVNO agreements are the key intangible assets and were measured using the future cash flows generated by existing subscribers at the transaction date. They are respectively amortised given the contract duration and the probability of renewal of those contracts:

—Customer contracts: 4 to 10 years

—Reseller agreements: 5 years

—MVNO agreements: 4 years

The fair value of existing licences has been adjusted by CHF 17.0 million down to CHF 6.6 million to reflect the price paid for new licences during the auction process which takes place in February 2012. The remaining useful life of these licences was approximately 5 years as at the transaction date.

The fair value of software and property, plant and equipment was considered to be approximately the same as their historical net carrying value.

Pursuant to the Acquisition Agreement, a purchase price adjustment up to CHF 270.0 million is owed by the Company to France Telecom in the event of a combination with Sunrise Mobile Communications AG (hereafter, “Sunrise”) within five years of the Completion Date. In addition, if such a combination or certain other strategic cooperation transactions occur within the same period, as a result of which, APEM receives at least 2.5 times (on a cash basis) its original investment in the Group, the Senior Secured Notes Issuer (Matterhorn Mobile S.A.) will be obligated to pay an “earn out” to France Telecom in an amount equal to a percentage of APEM’s cash return on its investment in excess of the 2.5x threshold up to a cap.

Note 3—Business combinations (Continued)

According to IFRS 3—Business combinations, in the framework of a purchase price allocation, this conditional liability should be considered as contingent consideration. However, there is no plan at the issuance date of the consolidated financial statements for any combination with Sunrise. Therefore, the Group cannot estimate a reliable future cash flow out in connection with a potential combination with Sunrise. Consequently, the Group did not evaluate any implication of this contingent consideration in the allocation of the purchase price.

The consolidation of Orange Switzerland in Matterhorn Mobile Holdings S.A. led to the recognition of CHF 465.6 million in goodwill. The Goodwill arising on the acquisition is not deductible for tax purposes.

This remaining Goodwill relates to:

—Any potential cost savings and margin improvements from network sharing agreements and other cost savings plans

—Value generated from sales to new subscribers

—Value generated from sales relating to new product offerings and bundle offers

—Value represented by the assembled workforce

At the transaction date, the receivables acquired (mainly trade receivables) had a fair value of CHF 316.4 million, and a gross contractual value of CHF 320.9 million. The best estimates of the contractual cash flows not expected to be collected are CHF 4.5 million, which is recorded as a bad debt provision.

The revenue of the predecessor amounts to CHF 203.6 million and the revenue of the successor amount to CHF 1,118.1 million. The net income of the predecessor amounts to CHF 14.9 million and net loss of the successor amounts to CHF (104.8) million. Had this business combination been effected at January 1, 2012, the revenue of the Group would have amounted CHF 1,321.6 million and the net loss would have amounted to CHF (89.9) million.

3.2 Transaction costs

Transaction costs related to the acquisition by the Group of Orange Switzerland in 2012 were as follows:

(in thousands of Swiss Francs)	**March 1, 2012 to December 31, 2012 Successor**	**January 1, 2012 to February 29, 2012 Predecessor**	**January 1, 2011 to December 31, 2011 Predecessor**
Transaction costs	(38,734)	—	—
Transaction costs	**(38,734)**	**—**	**—**

Note 4—Sales

4.1 Revenue

(in thousands of Swiss Francs)	**March 1, 2012 to December 31, 2012 Successor**	**January 1, 2012 to February 29, 2012 Predecessor**	**January 1, 2011 to December 31, 2011 Predecessor**
Network	961,604	180,160	1,107,750
Equipment	108,264	16,021	93,614
Other mobile services	42,551	6,165	39,214
Other revenue	5,637	1,214	8,195
Revenue	**1,118,056**	**203,560**	**1,248,773**

Note 4—Sales (Continued)

4.2 Trade receivables

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Gross trade receivables	322,233	306,324
Provision for doubtful debts	(4,093)	(3,843)
Trade receivables	**318,140**	**302,481**

Gross trade receivables are broken down as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Gross trade receivables past due	30,254	55,293
Gross trade receivables not past due	291,979	251,031
Gross trade receivables	**322,233**	**306,324**

The following table provides an ageing balance of gross trade receivables past due:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Past due—under 60 days	22,454	44,566
Past due—60 to 120 days	4,424	5,641
Past due—over 120 days	3,376	5,086
Gross trade receivables past due	**30,254**	**55,293**

The Group has a contract with third parties in order to outsource part of the receivables collection. Residential customer receivables are transferred to the agency if overdue by 121 days or more. Enterprise and MVNO customers are treated on a case by case basis.

Tables below provide an analysis of the change in provision for trade receivables in the statement of financial position:

(in thousands of Swiss Francs)	March 1, 2012 Successor	Change in provision	December 31, 2012 Successor
Provision for doubtful debts	**(4,500)**	**407**	**(4,093)**

(in thousands of Swiss Francs)	December 31, 2011 Predecessor	Change in provision	February 29, 2012 Predecessor
Provision for doubtful debts	**(3,843)**	**(657)**	**(4,500)**

(in thousands of Swiss Francs)	December 31, 2010 Predecessor	Change in provision	December 31, 2011 Predecessor
Provision for doubtful debts	**(4,611)**	**768**	**(3,843)**

Note 4—Sales (Continued)

4.3 Deferred income

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Prepaid telephone cards	22,812	26,996
Other deferred income	6,405	9,306
Deferred income	**29,218**	**36,302**

Note 5—Purchases

5.1 Access, backbone and interconnection

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Interconnection costs	(157,798)	(29,309)	(198,898)
Transmission leased lines	(15,516)	(3,966)	(20,471)
Fixed network costs	(6,553)	(1,432)	(7,388)
Content costs (1)	(4,394)	(957)	—
Access backbone and interconnection	**(184,261)**	**(35,664)**	**(226,757)**

(1) as described in note 1.3, content costs have been reclassified as Access, backbone and interconnection from 1st January 2012.

5.2 Commercial expenses and cost of equipment sold

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Cost of equipment sold	(205,353)	(36,400)	(203,167)
Commercial expenses	(149,060)	(21,738)	(161,051)
Commercial expenses and cost of equipment sold	**(354,412)**	**(58,138)**	**(364,218)**

5.3 Network, IT, property expenses and other purchases

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Network and IT expenses	(40,826)	(9,025)	(60,115)
Property expenses	(53,080)	(10,359)	(57,856)
Subcontracting and professional services	(32,933)	(6,748)	(29,025)
Other purchases	(19,962)	(4,878)	(28,348)
Network, IT, property expenses and other purchases	**(146,800)**	**(31,010)**	**(175,344)**

5.4 Inventories

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Inventories of handsets	15,795	24,655
Other products/services sold	2,638	2,877
Gross value	**18,432**	**27,532**
Provisions	(202)	(1,100)
Net value of inventories	**18,230**	**26,432**

Note 6—Assets & Gains on disposal of assets

6.1 Intangible assets

At December 31, 2012, the Intangible assets were as follows:

	December 31, 2012 Successor			
(in thousands of Swiss Francs)	Cost	Accumulated depreciation and amortization	Impairment	Net
Telecommunication licenses	198,695	(39,344)	—	159,351
Softwares	795,154	(691,658)	(4,102)	99,394
Customer contracts	776,000	(69,125)	—	706,875
Reseller Agreements	8,000	(1,333)	—	6,667
MVNO agreement	19,000	(3,958)	—	15,042
Other intangibles assets	63,588	(41,682)	—	21,906
Intangible assets	**1,860,437**	**(847,102)**	**(4,102)**	**1,009,233**

The following Intangible assets result from the Purchase Price Allocation described in note 3:

—Customer contracts

—Reseller agreements

—MVNO agreements

At December 31, 2011, the Intangible assets were as follows:

	December 31, 2011 Predecessor			
(in thousands of Swiss Francs)	Cost	Accumulated depreciation and amortization	Impairment	Net
Telecommunication licenses	62,280	(37,962)	—	24,318
Softwares	786,226	(667,498)	(2,352)	116,376
Customer contracts	—	—	—	—
Reseller Agreements	—	—	—	—
MVNO agreement	—	—	—	—
Other intangibles assets	44,620	(17,397)	—	27,223
Intangible assets	**893,126**	**(722,857)**	**(2,352)**	**167,917**

Intangible assets under construction amounted to CHF 11.7 million at December 2012 (CHF 37.4 million at December 31, 2011).

Note 6 — Assets & Gains on disposal of assets (Continued)

Movements in the Net Book Value of Intangible assets were as follows:

Successor

(in thousands of Swiss Francs)	Telecommunication licenses	Softwares	Customer contracts	Reseller Agreements	MVNO agreement	Other Intangibles assets	TOTAL
Opening balance as at 29.Feb.12	23,521	118,333	—	—	—	19,760	161,614
Acquisitions	154,702	26,309	—	—	—	6,077	187,089
Depreciation, amortization and Impairment	(18,872)	(40,792)	(69,125)	(1,333)	(3,958)	(11,451)	(145,532)
Additions relating to the business combination	—	—	776,000	8,000	19,000	—	803,000
Other movements	—	(4,457)	—	—	—	7,520	3,063
Closing balance as at 31.Dec.12	**159,351**	**99,394**	**706,875**	**6,667**	**15,042**	**21,906**	**1,009,233**

Predecessor

(in thousands of Swiss Francs)	Telecommunication licenses	Softwares	Customer contracts	Reseller Agreements	MVNO agreement	Other Intangibles assets	TOTAL
Opening balance as at 01.Jan.12	24,318	123,828	—	—	—	19,770	167,917
Acquisitions	—	2,830	—	—	—	543	3,373
Depreciation, amortization and Impairment	(797)	(8,324)	—	—	—	(1,464)	(10,586)
Additions relating to the business combination	—	—	—	—	—	—	—
Other movements	—	—	—	—	—	910	910
Closing balance as at 29.Feb.12	**23,521**	**118,333**	**—**	**—**	**—**	**19,760**	**161,614**

(in thousands of Swiss Francs)	Telecommunication licenses	Softwares	Customer contracts	Reseller Agreements	MVNO agreement	Other Intangibles assets	TOTAL
Opening balance as at 01.Jan.11	29,101	139,008	—	—	—	27,091	195,200
Acquisitions	—	40,281	—	—	—	4,422	44,703
Depreciation, amortization and Impairment	(4,783)	(61,922)	—	—	—	(2,548)	(69,253)
Other movements	—	(991)	—	—	—	(1,742)	(2,733)
Closing balance as at 31.Dec.11	**24,318**	**116,376**	**—**	**—**	**—**	**27,223**	**167,917**

The mapping of the Intangible Assets has been modified compared to December 31, 2011 for clarity purposes. It did not result in any changes in net book value nor in residual life of Intangible Assets.

On February 23, 2012, ComCom ("Commission fédérale de la communication") and OFCOM ("Office fédéral de la communication") announced the results of the auction of mobile radio frequencies. The auction, which ran

Note 6—Assets & Gains on disposal of assets (Continued)

from February 6 to February 22, 2012, related to the renewal of current licenses for the 900, 1800 and 2100 MHz bands, as well as to the new 800 and 2600 MHz LTE bands. Under the auction process, the new frequency allocation between the three mobile operators Orange, Sunrise and Swisscom, was determined by the bidders rather than a public authority. Orange obtained 160 MHz spread between the seven bands available for a purchase price of CHF 154.7 million. The new licenses granted in the auction will start from 2013 to 2017 and last until the end of 2028.

The amount of impairment losses recognised during the period amounts to CHF 1.8 million (CHF 2.3 million at December 31, 2011).

Capitalised expenditure

The expenses capitalised during the period were as follows:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
External purchases	—	—	2,663
Labour expenses	6,885	1,487	9,583
Capitalised expenditure	**6,885**	**1,487**	**12,246**

Impairment tests on goodwill

Goodwill, which has been acquired in the framework of a business combination, has an indefinite useful life, and is therefore analysed for Impairment on an annual basis. In accordance with *IAS 36—Impairment of assets*, The Group will finalize the goodwill's allocation per Cash Generating Units before the end of 2013. As at December 31, 2012, Impairment tests were conducted for Orange Switzerland.

The recoverable amount has been determined based on its fair value less costs of disposal.

Fair value less costs of disposal has been measured using the multiple of EBITDA used for the Orange Switzerland valuation done in the context of its sale. Impairment tests did not result in goodwill depreciation as at December 31, 2012. A decrease of 0.5 in the EBITDA multiple used would not result in goodwill impairment.

6.2 Property, Plant and Equipment

At December 31, 2012, Tangible assets were as follows:

	December 31, 2012 Successor			
(in thousands of Swiss Francs)	Cost	Accumulated depreciation and amortization	Impairment	Net
Land and buildings	126,479	(76,639)	(3,292)	46,548
Network	2,104,937	(1,476,378)	(21,246)	607,313
IT equipment	225,651	(205,814)	—	19,837
Other property, plant and equipment	30,666	(23,995)	(1,521)	5,150
Property, Plant and Equipment	**2,487,734**	**(1,782,826)**	**(26,060)**	**678,848**

Note 6—Assets & Gains on disposal of assets (Continued)

At December 31, 2011, the Tangible assets were as follows:

(in thousands of Swiss Francs)	December 31, 2011 Predecessor Cost	Accumulated depreciation and amortization	Impairment	Net
Land and buildings	116,038	(72,059)	—	43,979
Network	2,170,723	(1,543,883)	(7,072)	619,768
IT equipment	222,206	(198,650)	—	23,556
Other property, plant and equipment	34,553	(25,330)	(817)	8,406
Property, Plant and Equipment	**2,543,520**	**(1,839,922)**	**(7,889)**	**695,709**

Tangible assets under construction amounted to CHF 51.6 million as at December 2012 (CHF 78.6 million at December 31, 2011).

Property, Plant & Equipment held under finance leases had a net book value of nil as at December 31, 2012 (nil at December 31, 2011).

Movements in the Net Book Value of Tangibles assets were as follows:

Successor

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at 29.Feb.12	46,127	612,732	23,825	6,769	689,453
Acquisitions	6,350	83,041	3,585	556	93,533
Depreciation, amortization and Impairment	(5,292)	(79,801)	(7,451)	(751)	(93,295)
Other movements	(637)	(8,659)	(122)	(1,424)	(10,842)
Closing balance as at 31.Dec.12	**46,548**	**607,313**	**19,837**	**5,150**	**678,848**

Predecessor

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at 01.Jan.12	47,199	615,625	25,237	7,648	695,709
Acquisitions	—	13,794	163	28	13,985
Depreciation, amortization and Impairment	(1,072)	(15,620)	(1,554)	(871)	(19,116)
Other movements	—	(1,068)	(22)	(35)	(1,125)
Closing balance as at 29.Feb.12	**46,127**	**612,732**	**23,825**	**6,769**	**689,453**

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at 01.Jan.11	44,035	629,697	21,549	6,628	701,909
Acquisitions	5,294	86,767	4,838	1,099	97,998
Depreciation, amortization and Impairment	(6,742)	(112,783)	(7,482)	(305)	(127,312)
Other movements	1,392	16,087	4,651	984	23,114
Closing balance as at 31.Dec.11	**43,979**	**619,768**	**23,556**	**8,406**	**695,709**

Note 6—Assets & Gains on disposal of assets (Continued)

The mapping of Property, Plant and Equipment has been modified compared to December 31, 2011 for clarity purposes. It did not result in any changes in net book value nor in residual life of Property, Plant and Equipment.

The amount of Impairment losses recognised during the period amounts to CHF 18.2 million (CHF 5.3 million at December 31, 2011).

Capitalised expenditure

The expenses capitalised during the period were as follows:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
External purchases	801	—	1,722
Labour expenses	4,359	926	6,721
Capitalised expenditure	**5,160**	**926**	**8,443**

6.3 Assets classified as held for sale & result on disposal and other gains

Assets classified as held for sale were as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Building	—	14,113
Parking	—	3,944
Assets classified as held for sale	**—**	**18,057**

The Board of Directors of Orange Communication SA had through circular resolution dated July 31, 2011, decided on the sale of the Company's real estate in Biel.

The real estate sold on March 15, 2012 for CHF 27.1 million consists of (i) the Biel office building currently used by Orange Communications S.A. customer care (lease back), (ii) a car park and (iii) a purchase option for a plot of land. In the framework of the purchase price allocation, the Group reassessed the fair value of the Biel office from CHF 18.1 million to CHF 27.1 million. Therefore, the result on disposal and other gains mainly consist of:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Intangible assets	(0)	1	—
Tangible assets	122	9	—
Result on disposal and other gains	**122**	**10**	**—**

6.4 Fixed assets payables

Fixed assets payables mainly consist of:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Spectrum licence payables (1)	61,881	—
Other fixed assets payables	59,624	73,224
Fixed assets payables	**121,505**	**73,224**

(1) Refer to note 6.1.

Note 6—Assets & Gains on disposal of assets (Continued)

On July 4, 2012, Orange opted to pay for its spectrum allocations in instalments of:

- 60% (equivalent to CHF 92.8 million) by August 6, 2012;
- 20% by June 30, 2015;
- and the remaining 20% by December 31, 2016.

The spectrum license payables bear interest rate at 3% starting from August 6, 2012. The amount of accrued interests amounts to CHF 0.8 million as of December 31, 2012.

6.5 Purchases of Property, Plant, Equipment and Intangible assets

For cash flow statement purposes, purchases of Property, Plant, Equipment and Intangible assets were as follows:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Investment in property, plant and equipment and intangible assets	(280,622)	(17,358)	(142,701)
Increase / (decrease) in amounts due to fixed assets suppliers	129	(13,730)	18,851
Increase / (decrease) in spectrum licence payables	61,881	—	—
Purchases of property, plant and equipment and intangible assets	**(218,612)**	**(31,088)**	**(123,850)**

Note 7—Income Tax

7.1 Corporate income Tax profit / (loss)

Orange Communications S.A. and Orange Network S.A. are liable for taxes in all Swiss cantons based on an intercantonal allocation at various rates. With this regard and considering the tax holidays granted by the cantons (full or partial), the current average tax rate is our estimated rate of 22.95% (25.47% in 2011) based on the statutory tax rates applicable in Switzerland, which can potentially vary in the upcoming years.

The Group is liable for capital and income taxes. Matterhorn Mobile S.A. and Matterhorn Mobile Holdings S.A., which are registered in Luxemburg, are subject to an income tax at a rate of 28.80%.

In Luxemburg, companies may carry over losses until they are used up for an unlimited number of years to offset taxable profits. In Switzerland, tax losses are normally available to be set off against future taxable income for a period of seven years. Orange Communications S.A. benefited from tax holidays (full or partial) for the initial 10 fiscal periods following the incorporation for the cantons where the Company is subject to the main element of taxation. It is, however, subject to taxes at the federal level, as well as from various other cantons. Orange Network SA and Orange (Liechtenstein) AG do not benefit from tax holidays.

The income tax is broken down as follows:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Total tax expense relating to continuing operations	**(13,512)**	**(5,828)**	**3,695**
—Current tax expense in respect of the current year	(638)	(67)	(394)
—Deferred tax income / (expense)	(12,874)	(5,761)	4,089

Note 7—Income Tax (Continued)

7.2 Group Tax proof

The reconciliation between effective income tax expense and the theoretical tax calculated based on the Swiss statutory tax rate is as follows:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Net result before tax	**(91,308)**	**20,709**	**96,531**
Income tax rate	28.80%	25.47%	25.47%
Theoretical income tax expense	**26,297**	**(5,275)**	**(24,586)**
Reconciliation items:			
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,210)	(31)	4,128
Recognition of previously unrecognized tax losses carried forward	—	—	28,101
Reassesment of previous years deferred tax asset	804	—	—
Deferred tax assets not recognized on temporary differences and tax loss carry forwards arising in the period	(28,791)	—	—
Effect on deferred tax balances due to the change in income tax rate	(10,988)	—	(2,701)
Other	1,375	(523)	(1,246)
Income tax expense recognised in profit or loss	**(13,512)**	**(5,828)**	**3,695**

7.3 Balance sheet tax position

The balance sheet tax position by class of temporary difference breaks down as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Pension provision	11,929	13,850
Intangible assets	(166,841)	9,027
Property, plant and equipment	—	13,351
Tax loss carryforwards	96,180	91,115
Hedge accounting	(10,725)	—
Other	130	856
Net deferred taxes—Group	**(69,328)**	**128,199**
—Deferred tax assets	*32,436*	*131,631*
—Deferred tax liabilities	*(101,764)*	*(3,432)*

In 2007 and 2008 the licences and Radio access network were sold by Orange Communications SA to Orange Network SA at fair value, resulting in a capital gain, which has been eliminated on consolidation. This created a tax temporary difference that will be consumed over the remaining useful life of underlying assets (namely between 5 and 20 years depending on the nature of each asset).

Note 7—Income Tax (Continued)

7.4 Change in Group net deferred taxes

(in thousands of Swiss Francs)	January 1, 2012 Predecessor	Recognized as a profit or loss	February 29, 2012 Predecessor	March 1, 2012 Successor	Recognized as a profit or loss	Recognized in other components of comprehensive income	December 31, 2012 Successor
Temporary differences							
Pension	13,850	—	13,850	13,850	(754)	(1,167)	11,929
Intangible assets	9,027	(2,040)	6,987	(173,546)	6,704	—	(166,841)
Property, plant and equipment	13,351	(2,865)	10,486	10,486	(10,486)	—	—
Tax losses carryforwards	91,115	—	91,115	91,115	5,065	—	96,180
Hedge accounting	—	—	—	—	(13,535)	2,810	(10,725)
Other	856	(856)	—	—	130	—	130
Total	**128,199**	**(5,761)**	**122,439**	**(58,095)**	**(12,876)**	**1,643**	**(69,328)**

(in thousands of Swiss Francs)	January 1, 2011 Predecessor	Recognized as a profit or loss	Recognized in other components of comprehensive income	December 31, 2011 Predecessor
Temporary differences				
Pension	5,987	(1)	7,864	13,850
Intangible assets	21,105	(12,078)	—	9,027
Property, plant and equipment	29,496	(16,145)	—	13,351
Tax losses carryforwards	58,801	32,314	—	91,115
Other	857	(1)	—	856
Total	**116,245**	**4,089**	**7,864**	**128,199**

Deferred tax assets not recognised as at the reporting date are as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
—unused tax losses	28,234	—
—temporary differences	86,380	104,317
Unrecognized deferred tax assets	**114,614**	**104,317**

7.5 Income tax recognised directly in other comprehensive income

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Temporary differences on pension obligation	(1,167)	7,864
Fair value remeasurement of hedging instruments	2,810	—
Income tax recognised directly in OCI	**1,643**	**7,864**

Note 8—Provisions

(in thousands of Swiss Francs)	March 1, 2012 Successor	Additions	Used	Unused	Discounting	December 31, 2012 Successor
Restructuring provisions	2,872	8,089	(4,569)	(1,385)	—	5,007
Provisions for dismantling and restoring sites	81,746	9,247	(545)	(484)	2,031	91,998
Other provisions	514	183	—	—	—	697
Provisions	**85,132**	**17,519**	**(5,114)**	**(1,868)**	**2,031**	**97,702**
o/w non-current provisions	81,746	8,842	(545)	(484)	2,031	91,593
o/w current provisions	3,386	8,677	(4,569)	(1,385)	—	6,109

(in thousands of Swiss Francs)	January 1, 2012 Predecessor	Additions	Used	Unused	Discounting	February 29, 2012 Predecessor
Restructuring provisions	2,110	1,130	(317)	(51)	—	2,872
Provisions for dismantling and restoring sites	81,746	—	—	—	—	81,746
Other provisions	—	514	—	—	—	514
Provisions	**83,856**	**1,644**	**(317)**	**(51)**	**—**	**85,132**
o/w non-current provisions	81,746	—	—	—	—	81,746
o/w current provisions	2,110	1,644	(317)	(51)	—	3,386

The approach and underlying assumptions used for calculating the provisions for dismantling and restoring sites are described in Note 2.

(in thousands of Swiss Francs)	January 1, 2011 Predecessor	Additions	Used	Unused	Discounting	December 31, 2011 Predecessor
Restructuring provisions	1,319	3,438	(2,082)	(565)	—	2,110
Provisions for dismantling and restoring sites (1)	42,615	38,440	(604)	(44)	1,340	81,746
Other provisions	104	—	(104)	—	—	—
Provisions	**44,038**	**41,878**	**(2,790)**	**(609)**	**1,340**	**83,856**
o/w non-current provisions	42,986	38,440	(975)	(44)	1,340	81,746
o/w current provisions	1,052	3,438	(1,815)	(565)	—	2,110

In 2011, a revision of the calculation method of the dismantling provision resulted in a significant increase of the provision. The main changes concerned a decrease of the discount rate and of the residual useful life.

Starting from 2011, an additional asset retirement obligation has been booked in the accounts relating to the restoration of Orange Communications S.A. buildings in Renens and Zurich (3 buildings). The liability is calculated based on an estimated cost which would be cashed out one shot at the end of the contract, discounted over the contract duration. The underlying contracts will end in 2028 for the Renens headquarter building, 2014 for the Zurich office, and 2024 for the Zurich Switch building. In 2012, following the sale and lease back program of the Biel office, an additional asset retirement obligation has been booked. The contract will end in 2021.

Restructuring costs at the face of the income statement were as follows:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Restructuring costs	(6,556)	(1,079)	(2,873)
Restructuring costs	**(6,556)**	**(1,079)**	**(2,873)**

Note 9—Employee benefits

9.1 Labour expenses

(in thousands of Swiss Francs)	**March 1, 2012 to December 31, 2012 Successor**	**January 1, 2012 to February 29, 2012 Predecessor**	**January 1, 2011 to December 31, 2011 Predecessor**
Wages, social contributions & individual incentive / bonus plans	(112,407)	(23,133)	(145,605)
Own work capitalised—Labour	11,244	2,413	16,304
Post-employment benefits	(12,175)	(2,435)	(13,584)
Labour expenses	**(113,338)**	**(23,155)**	**(142,885)**

The wages, social contributions & individual incentive / bonus plans include the wages, bonus and related social charges. The own work capitalised—labour reflect the time spent by Orange Communications S.A. employees on tangible and intangible assets. The post-employment benefits include the actual expense and the actuarial impacts.

9.2 Employee benefits

The Group's employees are insured for the risks of old age, death and disability by the "Fondation de prévoyance en faveur du personnel de Orange Communications SA".

Under this plan the retirement benefit is determined by the amount in the employee retirement savings account at the time of retirement. If an employee retires at the normal retirement age (64), the saving account is converted into a retirement pension at a rate of 6.65%. If the employee retires before the age of 58, his saving account is converted into a retirement pension at a lower rate.

Actuarial valuations of the plan assets and of the defined benefit obligation were carried out at December 31, 2012 and 2011 by an external actuarial expert. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2012	**2011**
Discount rate for obligations	1.85%	2.50%
Expected return on plan assets	4.50%	4.50%
Rate of future salary increases	1.50%	1.50%
Rate of Pension Increases	0.00%	0.50%
Mortality and disability—Swiss official tables	BVG 2010	BVG 2010

The expected rates of return on plan assets of 4.5% (2011: 4.5%) are determined by reference to relevant indexes. The overall expected rate of return is calculated by weighing the individual rates in accordance with anticipated balance in the plan's investment portfolio.

The evaluation is done on a yearly basis. Consequently, the split between successor and predecessor figures is not disclosed below, as there would be no impact, except for the contributions.

The amount recognised in the balance sheet in respect of the Group's defined benefit retirement plan is as follows:

(in thousands of Swiss Francs)	**December 31, 2012 Successor**	**December 31, 2011 Predecessor**
Present value of funded obligations	(182,819)	(183,453)
Fair value of plan assets	130,833	129,079
Present value of net obligations	(51,986)	(54,374)
Recognised asset (liability) for defined benefit obligations	**(51,986)**	**(54,374)**

Note 9—Employee benefits (Continued)

The amount recognised in the income statement in respect of the defined benefit plan is as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Service cost	14,577	13,711
Interest cost	4,472	4,529
Expected return on plan assets	(5,579)	(5,772)
Net periodic pension cost	**13,470**	**12,468**

Change in the present value of the defined benefit obligation is as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Defined Benefit Obligation (DBO) at the beginning of period	183,453	157,470
Service cost	14,577	13,711
Interest cost	4,472	4,529
Employee contributions	4,958	4,852
Liability (Gains)/Losses due to Assumption Changes	(2,841)	15,802
Benefits paid	(21,800)	(12,911)
Defined Benefit Obligation (DBO) at the end of Period (A)	**182,819**	**183,453**

The fair value of the plan asset consists of the following categories of assets:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Equity Securities	34%	45%
Government Bonds	39%	50%
Real Estate and corporate	14%	5%
Other	13%	0%
	100%	**100%**

Change in the fair value of plan assets is as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Fair value of plan assets at the beginning of period	129,079	134,031
Actual return on plan assets	7,142	(9,301)
Employer contributions	11,454	12,408
Employee contributions	4,958	4,852
Benefits paid	(21,800)	(12,911)
Fair value of plan assets at the end of period (B)	**130,833**	**129,079**

Actual return on plan assets is as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Expected return on plan assets	5,579	5,772
Actuarial gains/(losses) on plan assets	1,563	(15,073)
Actual return on plan assets	**7,142**	**(9,301)**

Note 9—Employee benefits (Continued)

The movement in the net liability during the year is as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Accrued pension cost at the beginning of period	(54,374)	(23,439)
Net periodic pension cost	(13,470)	(12,468)
Employer contributions	11,454	12,408
Total amount recognised in Other Comprehensive Income	4,404	(30,875)
Prepaid (accrued) pension cost at the end of period	**(51,986)**	**(54,374)**

The history of experience adjustments is as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor	December 31, 2010 Predecessor	December 31, 2009 Predecessor	December 31, 2008 Predecessor
Present value of defined benefit obligation	(182,819)	(183,453)	(157,470)	(136,316)	(117,925)
Fair value of plan assets	130,833	129,079	134,031	133,960	101,570
Benefit / (Deficit)	(51,986)	(54,374)	(23,439)	(2,356)	(16,355)
Experience adjustments on plan liabilities	9,876	(8,959)	—	6,021	(10)
Experience adjustments on plan assets	**1,563**	**(15,073)**	**(8,124)**	**13,700**	**(27,331)**

The expected employer's contributions for 2013 amount to CHF 11.0 million.

Note 10—Financial assets / liabilities and financial results

10.1 Financial assets / liabilities

Assets

	December 31, 2012 Successor			December 31, 2011 Predecessor		
(in thousands of Swiss Francs)	Current	Non-current	Total	Current	Non-current	Total
Derivatives	6,917	7,526	14,443	—	—	—
Hedging derivatives	**6,917**	**7,526**	**14,443**	**—**	**—**	**—**

Note 10—Financial assets / liabilities and financial results (Continued)

Liabilities

	December 31, 2012 Successor			December 31, 2011 Predecessor		
(in thousands of Swiss Francs)	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Borrowings and other financial liabilities	**24,884**	**1,265,490**	**1,290,373**	**2,565**	**917,063**	**919,628**
France Telecom loan	—	—	—	2,565	917,000	919,565
Bonds	—	1,265,490	1,265,490	—	—	—
Bank loan	—	—	—	—	—	—
Capital lease	—	—	—	—	63	63
Accrued interest on bonds	24,802	—	24,802	—	—	—
Other	82	—	82	—	—	—
Hedging derivatives	**6,357**	**10,121**	**16,478**	**—**	**—**	**—**
Derivatives	6,357	10,121	16,478	—	—	—
Borrowings, hedging derivatives and other financial liabilities	**31,240**	**1,275,611**	**1,306,851**	**2,565**	**917,063**	**919,628**

Predecessor

- France Telecom loan: the France Telecom shareholder loan was partly reimbursed by the predecessor (CHF 409 million) before February 29, 2012.

Successor

- France Telecom loan: As part of the transaction, the Group has reimbursed the remaining part of the France Telecom shareholder loan (CHF 508 million).

In February 2012, the Group issued the following bonds:

- CHF 450 million of 6.75% senior secured notes due 2019, EUR 150 million floating rate senior secured notes due 2019 and EUR 180 million floating rate senior secured notes due 2019 by Matterhorn Mobile S.A.

- EUR 225 million of 8.25% senior notes due 2020 by Matterhorn Mobile Holdings S.A.

In September 2012, the Group issued the following bond:

- CHF 180 million floating rate senior secured notes due 2019 by Matterhorn Mobile S.A.

The bonds are measured at amortised cost, using the effective interest rate method.

Furthermore, for the period ending December 31, 2012:

- The CHF 102 million drawn under a CHF 225 million Term loan A facility initially granted to the Company by a pool of lenders was repaid on September 11, 2012. Following this repayment, the Term loan A facility was cancelled.

- As of September 11, 2012, the CHF 100 million senior multi-currency revolving credit facility dated January 30, 2012 which had been granted to the Company by a poll of lenders was replaced by a new CHF 100 million super senior revolving credit facility. The former revolving credit facility line was used as a bank guarantee for the spectrum auction until July 25, 2012.

Note 10—Financial assets / liabilities and financial results (Continued)

Bonds issued in 2012 by Matterhorn Mobile Holdings S.A and Matterhorn Mobile S.A. are presented below:

Original currency	Bond	Date of issuance	Initial nominal amounts (in millions of currency units)	Current nominal amounts (in millions of CHF)	Maturity	Nominal interest rate (%)	Hedging	Outstanding interest amount (in thousands of CHF)
CHF	Senior Secured Notes	February 10, 2012	450	450	2019	6.75%	—	11,391
EUR	Senior Secured Notes	February 10, 2012	150	181	2019	EUR3M + 5.25%	EUR 100 million at 5.99% EUR 50 million at CHF3M + 5.70%	1,425
EUR	Senior Notes	February 10, 2012	225	272	2020	8.25%	EUR 165 million at 7.43% EUR 60 million at CHF3M + 7.33%	8,982
EUR	Senior Secured Notes	February 16, 2012	180	217	2019	EUR3M + 5.25%	EUR 100 million at 5.92% EUR 80 million at CHF3M + 5.59%	1,761
CHF	Senior Secured Notes	September 11, 2012	180	180	2019	CHF3M + 5.375%	—	1,243
Total								**24,802**

The bonds are recognised in the consolidated balance sheet as at December 31, 2012 as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor
Gross proceeds from bond issuance	**1,301,913**
Debt issuance costs	(36,547)
Net proceed of bond issuance	**1,265,366**
Unrealised exchange gain / (loss)	(2,056)
Amortization of debt issuance costs	2,180
Liability component	**1,265,490**

(in thousands of Swiss Francs)	December 31, 2012 Successor
Gross proceeds from bond issuance	**1,301,913**
Unrealised exchange gain / (loss)	(2,056)
Liability component (excl. impact of debt issuance costs)	**1,299,857**

Credit Lines

At December 31, 2012, the Group has access to credit facilities in the form of a Super Revolving Credit Facility as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor		December 31, 2011 Predecessor	
	Amount available	Amounts drawn down	Amount available	Amounts drawn down
Super Revolving Credit Facility	100,000	—	—	—
Bank overdraft	—	—	—	—
Cash pool France Telecom SA	—	—	40,000	—
Total credit lines	**100,000**	**—**	**40,000**	**—**

At December 31, 2011, the credit facilities were in the form of a cash pool with France Telecom S.A. (labelled in Swiss Francs). These credit facilities have been cancelled as part of the Transaction.

10.2 Derivative instruments

For the period ended December 31, 2012, the Group's designated hedges were limited to cash flow hedges as the Group did not have any hedges designated as fair value or net investment hedges. The Group did not have any derivative instruments outstanding as at December 31, 2011.

Note 10—Financial assets / liabilities and financial results (Continued)

Cash-flow hedges

The Group's cash flow hedges during the period consisted of cross-currency swaps, that the Group uses to protect against variability in future interest cash flows on liabilities which bear interest at variable or fixed rates and/or foreign currency risk on EUR-denominated bonds.

The cash flows are expected to occur simultaneously with the payment of interests on bonds. Interest is paid quarterly or semi-yearly, depending on each bond.

As of December 31, 2012, the Group had the following outstanding cross-currency swaps designated as cash-flow hedges of foreign currency rates and, in some cases, interest rates:

(in thousands of Swiss Francs)	Notional	Fair Value
Cross-currency swaps	669,857	(2,035)

The mark-to-market economic hedges (sub-set of cash flow hedges) consist of cross-currency swaps used to hedge the exposure of the Shareholder, Matterhorn Midco & Cy SCA. The Shareholder borrowed a fixed-rate Euro-denominated instrument. To eliminate the variability of this financing, the Shareholder entered into a EUR-CHF cross-currency swap contract through its subsidiary, Matterhorn Mobile Holdings SA.

These hedges are fully effective under IAS 39, both retrospectively since inception and prospectively as of December 31, 2012. Therefore the full change in their fair values (gains and losses) since inception initially have been recognised in other comprehensive income, and are reclassified to the income statement when the hedged cash flows affect earnings (i.e., concurrent with accrual and payments of interest under the hedged liabilities, and remeasurement under IAS 21 of the hedged liabilities).

During the year ended December 31, 2012, the net amount recognised in OCI (net change in OCI) related to hedging activities was a net increase of CHF 9.8 million in the net loss deferred in OCI. The details of these changes are described in the table below.

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Beginning OCI balance	—	—	4,195
Net loss deferred in OCI due to change in the fair value of the derivative (effective portion)	(8,516)	—	—
Reclassified out of OCI into Income Statement (1)	(1,240)	—	(4,195)
Ending OCI Balance	**(9,756)**	**—**	**—**

(1) In 2011, the amount of 4,195 KCHF related to gains and losses on cash flow hedge on previous periods was recycled through income statement. In 2012, the amount of CHF 1.2 million mentioned as « reclassified out of OCI » shows the gains and losses on ineffective portions of derivatives that are recognised immediately in net profit and loss.

Note 10—Financial assets / liabilities and financial results (Continued)

10.3 Financial results

Financial results were as follows:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Commitment fees on revolving credit facility	(3,475)	—	—
Interests on bonds	(75,217)	—	—
Issuance costs—Term loan A	(15,970)	—	—
Amortization of debt issuance costs (excl.term loan A)	(2,180)	—	—
Interests on France Telecom loan	—	(2,589)	(16,943)
Capital tax (1)	(1,274)	—	—
Expected return on defined benefit plan assets net of pension liability interest cost	922	185	1,243
Interest and similar income	146	73	250
Foreign exchange gains / (losses) on financial assets & liabilities	1,678	31	(990)
Others	432	—	(872)
Total financial results	**(94,936)**	**(2,300)**	**(17,312)**

(1) as described in note 1.3, capital tax has been reclassified as a financial expense from 1st March 2012.

10.4 Management of covenants

The Group has obtained credit facilities and borrowings subject to specific covenants with regard to financial ratios. The Group must comply with the following financial covenant:

- Leverage Ratio (ratio of Consolidated Net Indebtedness to Consolidated adjusted EBITDA for the period of the most recent four consecutive financial quarters) to remain between 1.0 and 4.0.

As at December 31, 2012, the Company complied with this covenant.

Note 11—Information on market risk and fair value of financial assets and liabilities

11.1 Financial risks

The Group is subject to various financial risks. These risks include capital risk, credit risk, liquidity risk and financial market risk (including interest rate risk and currency risk). These risks are monitored by Management of the Group.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings described in note 10, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

Credit Risk management

Financial instruments that could potentially subject the Group to concentrations of credit risk consist primarily of cash, trade receivables, investments and deposits.

The Group considers that it has an extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential, professional and large business customers). In addition, the maximum value of the credit risk on these financial assets is equal to their recognised net book value.

Note 11—Information on market risk and fair value of financial assets and liabilities (Continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continuously monitoring cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 10 above sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Interest Rate Risk

The Group manages its net exposure to interest rate risk through the proportion of fixed rate financial debt and variable rate financial debt in its total financial debt portfolio. To manage this mix, the Company may enter into interest rate swap agreements, in which it exchanges periodic payments based on a notional amount and agreed-upon fixed and variable interest rates and into forward contracts, in which it exchanges fixed amounts of foreign currency and fixed amounts of Swiss francs.

Sensitivity analysis of the Group's position to changes in interest rates

The sensitivity of the Group's financial assets and liabilities to interest rate risk is analysed only for components of net financial debt. Only these components are interest-bearing and therefore exposed to interest rate risk.

Sensitivity of financial expense

Based on a constant amount of debt and a constant management policy, a 1% rise in interest rates would result in an increase of CHF 3.4 million in financial expense.

Foreign exchange rate risk management

The Group operates mainly in the currency of its country (CHF). However, The Group is subject to foreign currency risk arising from borrowings and future commercial transactions which can be done in euros (Purchase of handsets or roaming for example). The Group uses derivative financial instruments to hedge certain exposures (for instance Bonds denominated in euros).

The Group's policy to mitigate foreign exchange risk by:

—Hedging all bonds denominated in Euros

—Having borrowings denominated in the functional currencies of the Group companies concerned

The exposure to currency risk is therefore limited.

The Group uses foreign currency inflows to pay for its foreign currency outflows. If necessary, the Group buys foreign currency shortly before the transaction.

Sensitivity of cash flow hedge reserves

A 1% rise in spot rates would reduce the market value of derivatives designated as cash flow hedges and the associated cash flow hedge reserves by approximately CHF 8.4 million. A 1% fall in spot rates would lead to an increase in their market value and in the cash flow hedge reserves of approximately CHF 8.4 million.

Note 11—Information on market risk and fair value of financial assets and liabilities (Continued)

The following table shows the exposure of the Group financial positions by currency:

(in thousands of Swiss Francs)	December 31, 2012 Successor Total	EUR	USD	GBP	CHF
Financial assets (A)	**464,434**	**19,235**	**3,784**	**234**	**441,182**
Deposits and other items	6,603	—	—	—	6,603
Trade receivables	318,140	7,827	449	—	309,864
Cash and cash equivalents	139,691	11,408	3,335	234	124,715
Financial liabilities (B)	**1,862,053**	**754,291**	**1,884**	**189**	**1,105,686**
Non-current borrowings and other financial liabilities (1)	1,299,857	669,857	—	—	630,000
Trade payables	415,806	48,182	1,799	154	365,669
Fixed assets payables	121,505	24,084	85	35	97,301
Current borrowings and other financial liabilities	24,884	12,168	—	—	12,715
Net exposure (A)-(B)	**(1,397,619)**	**(735,057)**	**1,899**	**44**	**(664,504)**

(1) Please refer to note 10.2 for further information concerning derivatives instruments.

(in thousands of Swiss Francs)	December 31, 2011 Predecessor Total	EUR	USD	GBP	CHF
Financial assets (A)	**739,808**	**995**	**264**	**16**	**738,533**
Deposits and other items	6,108	—	—	—	6,108
Trade receivables	302,481	676	28	—	301,777
Other receivables	1,719	—	—	—	1,719
Cash and cash equivalents	429,500	319	236	16	428,929
Financial liabilities (B)	**1,350,175**	**57,236**	**343**	**100**	**1,292,496**
Non-current borrowings and other financial liabilities	917,063	—	—	—	917,063
Trade payables	357,323	24,308	160	2	332,852
Fixed assets payables	73,224	33,971	242	98	38,913
Current borrowings and other financial liabilities	2,565	—	—	—	2,565
Net exposure (A)-(B)	**(610,367)**	**(56,241)**	**(79)**	**(84)**	**(553,963)**

The following table shows the sensitivity of the Group to a 10% change in the foreign exchange rates of the currency to which they are exposed and the related impact on its income statement:

	December 31, 2012 Successor		
(in thousands of currency)	**Purchase during the year**	**+10% change**	**-10% change**
EUR	187,918	17,083	(20,880)
USD	78,200	7,109	(8,689)
GBP	999	91	(111)

	December 31, 2011 Predecessor		
(in thousands of currency)	**Purchase during the year**	**+10% change**	**-10% change**
EUR	234,080	21,280	(26,009)
USD	10,097	918	(1,122)
GBP	391	36	(43)

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

Note 11—Information on market risk and fair value of financial assets and liabilities (Continued)

11.2 Financial instruments

The market value of financial assets and liabilities measured at fair value in the statement of financial position shown in the table below has been ranked based on the three hierarchy levels defined by IFRS 7:

- Level 1: quoted price in active markets;
- Level 2: inputs observable directly or indirectly;
- Level 3: inputs not based on observable market data.

Derivative instruments were the only items measured at fair value and classified as level 2. The company owns no financial instruments classified as level 3.

	December 31, 2012 Successor	
(in thousands of Swiss Francs)	**Book value**	**Estimated fair value**
Loans and receivables	**464,434**	**464,434**
Deposits and other items	6,603	6,603
Trade receivables	318,140	318,140
Cash and cash equivalents	139,691	139,691
Financial liabilities at amortised cost	**(1,827,685)**	**(1,923,377)**
Borrowings and other financial liabilities	(1,290,374)	(1,386,067)
Trade payables	(415,805)	(415,805)
Fixed assets payables	(121,505)	(121,505)
Net derivatives	**(2,035)**	**(2,035)**

Estimated fair value:

- The carrying amounts of trade receivables and payables are a reasonable estimate of their fair value because of their short-term maturities;
- The carrying amounts of deposits and other items, fixed assets payables and cash and cash equivalents correspond to the fair values;
- The fair value of fixed interest-bearing financial liabilities is estimated on the basis of the maturing future payments discounted at market interest rates.

	December 31, 2011 Predecessor	
(in thousands of Swiss Francs)	**Book value**	**Estimated fair value**
Loans and receivables	**739,808**	**739,808**
Deposits and other items	6,108	6,108
Trade receivables	302,481	302,481
Other receivables	1,719	1,719
Cash and cash equivalents	429,500	429,500
Financial liabilities at amortised cost	**(1,350,175)**	**(1,350,175)**
Borrowings and other financial liabilities	(919,628)	(919,628)
Trade payables	(357,323)	(357,323)
Fixed assets payables	(73,224)	(73,224)
Net derivatives	**—**	**—**

Note 11—Information on market risk and fair value of financial assets and liabilities (Continued)

Gains and losses related to financial assets and liabilities are as follows:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor			
	Net finance costs	Other operating expenses and income	Revenue	Other comprehensive income
Deposits and other items	20	—	—	—
Trade receivables	—	(240)	(1,115)	—
Other receivables	—	19	—	—
Cash and cash equivalents	1,804	—	—	—
Borrowings and other financial liabilities	(93,366)	—	—	—
Trade payables	—	2,070	—	—
Net derivatives	2,463	—	—	(9,756)

(in thousands of Swiss Francs)	January 1, 2012 to February 29, 2012 Predecessor			
	Net finance costs	Other operating expenses and income	Revenue	Other comprehensive income
Deposits and other items	47	—	—	—
Trade receivables	—	(1,129)	(174)	—
Other receivables	—	(1)	—	—
Cash and cash equivalents	58	—	—	—
Borrowings and other financial liabilities	(2,589)	—	—	—
Trade payables	—	150	—	—
Net derivatives	—	—	—	—

(in thousands of Swiss Francs)	December 31, 2011 Predecessor			
	Net finance costs	Other operating expenses and income	Revenue	Other comprehensive income
Deposits and other items	152	—	—	—
Trade receivables	—	(8,525)	(1,082)	—
Other receivables	—	—	—	—
Cash and cash equivalents	(896)	—	—	—
Borrowings and other financial liabilities	(16,943)	—	—	—
Trade payables	—	14,451	—	—
Net derivatives	472	(5,913)	—	4,195

Note 12—Other operating results, assets, liabilities & equity

12.1 Other operating results

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Net foreign gain / (loss) exchange on trade payables and receivables	1,435	(323)	6,918
Customer bad debt	(6,520)	(2,306)	(7,985)
Spectrum fees	(8,905)	(1,460)	(9,707)
Other (1)(2)	1,267	7,267	13,741
Total other operating results	**(12,723)**	**3,178**	**2,967**

(1) in 2011, "other" mainly include costs recharged to affiliated companies of France Telecom Group for services delivered.

(2) as described in note 1.3 Reclassifications, capital tax has been reclassified as financial expense from 1st March 2012. Please refer to note 10.3

Note 12—Other operating results, assets, liabilities & equity (Continued)

12.2 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and the cash pool with France Telecom SA in current account, net of outstanding bank overdrafts as at December 31, 2011. As from 1st of March 2012, no more cash pool exists with France Telecom.

Cash and cash equivalents at the end of the periods presented were as follows:

(in thousands of Swiss Francs)	December 31, 2012 Successor	December 31, 2011 Predecessor
Cash and bank balances	139,691	21,549
Cash pool France Telecom SA	—	407,951
Total cash and cash equivalents—assets	**139,691**	**429,500**
Bank overdraft	—	—
Cash and cash equivalents net	**139,691**	**429,500**

12.3 Other assets

Other assets mainly consist of:

	December 31, 2012 Successor			December 31, 2011 Predecessor		
(in thousands of Swiss Francs)	Current	Non-current	Total	Current	Non-current	Total
Assets available for sale (1)	—	23	23	—	23	23
Deposits and other items	—	6,580	6,580	—	6,085	6,085
Others	9,596	—	9,596	2,049	—	2,049
Total other assets	**9,596**	**6,603**	**16,199**	**2,049**	**6,108**	**8,157**

(1) The non-consolidated investment classified as assets available for sale is related to 23% shares of Teldas AG for an amount of 23 KCHF at December 31, 2012 (23 KCHF at December 31, 2011).

12.4 Equity

Share capital

Matterhorn Mobile Holdings S.A. was incorporated under the laws of the Grand Duchy of Luxemburg on December 23, 2011 with a share capital of CHF 80,000 (comprising 80,000 ordinary shares with a par value of CHF 1).

The extraordinary shareholders' meeting, held on February 28, 2012, decided to increase the share capital by CHF 147,661,009 (comprising 147,661,009 ordinary shares with a par value of CHF 1) and to contribute an amount of CHF 590,645,388 to the Company's share premium account.

On September 12, 2012, the Group proceeded to a partial repayment of the share premium to Matterhorn Midco & Cy S.C.A (Shareholder of the parent company of the Group) for an amount of CHF 91,800,000.

On October 1, 2012, the Group proceeded to a share premium increase amounting to CHF 1,240,307.

Therefore, at December 31, 2012, the total amount of share premium amounted to CHF 500,085,695.

12.5 Other liabilities

	December 31, 2012 Successor			December 31, 2011 Predecessor		
(in thousands of Swiss Francs)	Current	Non-current	Total	Current	Non-current	Total
VAT payables	6,296	—	6,296	5,478	—	5,478
Deposits payables	3,507	—	3,507	3,381	—	3,381
Others liabilities	9,414	758	10,172	6,090	—	6,090
Total other liabilities	**19,218**	**758**	**19,976**	**14,949**	**—**	**14,949**

Note 13—Scope of consolidation

The Group consists of the following entities:

Legal entity	Country of incorporation	Equity interest	Nature of business
Matterhorn Mobile Holdings S.A.	Luxembourg	Parent Entity	Holding
Matterhorn Mobile S.A.	Luxembourg	100%	Holding
Orange Communications SA (« OCH »)	Switzerland	100%	Communications
Orange Network SA (« ONW »)	Switzerland	100%	Communications Network
Orange Liechtenstein AG (« OFL »)	Liechtenstein	100%	Communications

Note 14—Related parties

14.1 Directors and Executive Officers

The total remuneration of directors and executive officers is as follows:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Board of Directors	—	—	—
Executive Officers	4,084	526	5,952
TOTAL	**4,084**	**526**	**5,952**

Remuneration consists of:

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Short-term benefits	4,084	526	5,952
TOTAL	**4,084**	**526**	**5,952**

14.2 Related enterprises

The following related party transactions (conducted at arm's length) have been recorded (shareholders and Group Companies):

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor	January 1, 2011 to December 31, 2011 Predecessor
Shareholder and affiliates balances (1)			
Interest on loans	—	(2,655)	(16,692)
Brand and management fees (2)	—	(4,991)	(29,255)
Monitoring fees (3)	(3,053)	—	—
Roaming expenses and other	—	(2,610)	(29,274)
Roaming income and other	—	13,157	39,539
TOTAL	**(3,053)**	**2,902**	**(35,682)**

(1) In 2011, shareholders include Atlas Service Belgium and France Telecom SA
(2) Brand and Management fees paid to France Telecom
(3) Monitoring fees paid to APAX Partners

Note 14—Related parties (Continued)

The following related party balances were outstanding at the end of the reporting period:

(in thousands of Swiss Francs)	January 1, 2012 to December 31, 2012 Aggregate	March 1, 2012 to December 31, 2012 Successor
Shareholders (1) and affiliates balances		
Assets		
Non-current hedging derivatives assets	1,933	—
Trade receivables	—	39,469
Other current assets	1,649	—
Cash & Cash Equivalents	—	407,951
Liabilities		
Non-current borrowings and other financial liabilities	—	(917,000)
Trade payables	—	(82,544)
Current borrowings and other financial liabilities	—	(2,565)
Current hedging derivatives liabilities	(958)	—

(1) In 2011, include Atlas Service Belgium and France Telecom SA

As at December 31, 2012, there were no recognised losses on related party receivables (December 31, 2011, nil).

Note 15—Unrecognised contractual commitments

Management considers that to the best of its knowledge, there were no existing commitments, other than those described in this note, likely to have a material effect on the current or future financial position of the Group.

Details of commitments and contractual obligations reflected in the statements of financial position

The table below provides a schedule of commitments and contractual obligations reflected in the statement of financial position at the end of each reporting period.

15.1 Rental commitments

(in thousands of Swiss Francs)	December 31, 2012 Successor Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Rental commitments : Property (1)	170,594	52,864	33,715	23,621	18,784	14,748	26,862
Rental commitments : Vehicules	1,399	529	480	389	1	—	—
Total	**171,993**	**53,394**	**34,195**	**24,009**	**18,785**	**14,748**	**26,862**

(1) Commitments related to offices (Zürich, Renens and Biel), shops loans and network sites

(in thousands of Swiss Francs)	December 31, 2011 Predecessor Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Rental commitments : Property (1)	174,512	49,329	37,366	24,752	18,526	13,603	30,936
Rental commitments : Vehicules	1,899	680	459	401	359	—	—
Rental commitments : Other (2)	44	25	13	6	—	—	—
Total	**176,455**	**50,034**	**37,838**	**25,159**	**18,885**	**13,603**	**30,936**

(1) Commitments related to offices (Zürich and Renens), shops loans and network sites
(2) Commitments related to printers

Note 15—Unrecognised contractual commitments (Continued)

15.2 Investments and goods and services purchase commitments

(in thousands of Swiss Francs)	December 31, 2012 Successor Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets (1)	41,399	41,399	—	—
Purchase of transmission capacity	2,798	2,798	—	—
Purchase of handsets (1)	125,779	125,779	—	—
Other commitments related to the purchase of goods and services	77,488	18,488	59,000	—
Total	**247,464**	**188,464**	**59,000**	**—**

(1) Commitments related to open purchase orders on Network fixed assets and handsets

(in thousands of Swiss Francs)	December 31, 2011 Predecessor Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets (1)	46,370	46,370	—	—
Purchase of transmission capacity	3,132	3,132	—	—
Purchase of handsets (1)	36,767	36,767	—	—
Other commitments related to the purchase of goods and services	48,574	48,574	—	—
Total	**134,843**	**134,843**	**—**	**—**

(1) Commitments related to open purchase orders on Network fixed assets and handsets

15.3 Other off-balance sheet commitments

The Company is obliged to respect certain financial and non-financial covenants as set out in the Revolving Credit Facility ("RCF") Agreement dated September 11, 2012. If certain covenant ratios are not met this may result in the increase of the margin payable on the drawn amounts and of the fees or, in the case of an Event of Default as defined in the Revolving Credit Facility Agreement, in the acceleration of the agreement and consequently (i) in the immediate cancellation of all outstanding commitments and (ii) in the drawn amounts becoming immediately repayable on demand. As at December 31, 2012, the Company had not drawn down any amount under the RCF Agreement.

Certain non-financial covenants as further described in the indentures to the senior secured notes issued by the Company and its subsidiaries are to be respected. If these are not met, this may result in an Event of Default and in the principal and the accrued unpaid interest becoming due and payable immediately.

The Company entered into a Quote Indemnification Agreement with Gartner Inc. ("Gartner") in which Gartner consents to the quotation of the Gartner Material as listed in the exhibit to the Quote Indemnification Agreement in the Offering Memorandum filed by the Company with the Commission de Surveillance du Secteur Financier in Luxembourg (the "Offering Memorandum"). The consent of Gartner was conditional upon the Company guaranteeing the indemnification and the holding harmless of Gartner, its subsidiaries and other representatives of Gartner as defined in the agreement, from and against all claims, liabilities, demands, etc. arising directly or indirectly, and without limitation, out of or in connection with the Offering Memorandum.

Pursuant to the Acquisition Agreement, a purchase price adjustment up to CHF 270.0 million is owed by the Company to France Telecom in the event of a combination with Sunrise Mobile Communications AG (hereafter, "Sunrise") within five years of the Completion Date. In addition, if such a combination or certain other strategic cooperation transactions occur within the same period, as a result of which, APEM receives at least 2.5 times (on a cash basis) its original investment in the Group, the Senior Secured Notes Issuer (Matterhorn Mobile S.A.) will be obligated to pay an "earn out" to France Telecom in an amount equal to a percentage of APEM's cash return on its investment in excess of the 2.5x threshold up to a cap. Please refer to Note 3 for further information concerning accounting treatment.

Note 15—Unrecognised contractual commitments (Continued)

15.4 Guarantees given

On February 3, 2012, the Company and Matterhorn Mobile S.A. (the "Subsidiary") entered into a pledge over certain bank accounts of the Company and the Subsidiary in favour of the Beneficiary as defined in the pledge agreements to secure the obligations of the Company and of the Subsidiary resulting from the Revolving Credit Facility Agreement, from the Indentures of the Senior Secured Notes (the "Obligations") and from the cross currency swaps (described in note 10.2).

On the same date, the Company and the Subsidiary entered into a pledge over the receivables of Orange Communications S.A. and the Subsidiary entered into a share pledge agreement over the shares in Orange Communications S.A, the dividends on the shares and any other related assets. In addition, the Subsidiary entered into a Swiss Security Assignment Agreement according to which it assigns all existing and future claims and rights under the acquisition agreement of the shares in Orange Communications S.A, together with any preferential and accessory rights attached thereto to the Beneficiary of the Security Assignment Agreement to secure the Obligations. The shares of the Subsidiary are subject to a pledge entered into by the Company.

Note 16—Share-Based Payment

Certain managers of Orange Communications S.A. can participate in investment programs to align their interests with those of the shareholders.

Matterhorn Topco & Cy S.C.A (indirect parent of the Company) sold equity instruments to participating managers of Orange Communications S.A.

The programs fall under the scope of IFRS 2—Share-Based Payment, and qualify as equity settled plans at the Matterhorn Mobile Holdings S.A level. No expense was recognized in the reporting period and there is no outstanding balance as of December 31, 2012 in relation to these programs.

Note 17—Litigations

As at December 31, 2012, the Group had no material unprovided pending or threatened litigation with third parties.

Note 18—Subsequent events

On February, 15, 2013, Orange Communications S.A announced a mass dismissal plan of up to 140 staff (out of 1,083) arising at reducing its cost base and facing up resources to increase its customer facing staff. The plan is expected to materialize in the course of 2013.

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Independent auditor's report

To the Management of
Orange Communications SA, Renens

In accordance with the mandate described in our engagement letter dated February 16, 2012, we have audited the accompanying consolidated financial statements of Orange Communications SA, which comprise the consolidated statements of financial position, income and other comprehensive income, statements of changes in equity, statements of cash flows and notes for the year ended December 31, 2011.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of Orange Communications SA for the year ended December 31, 2011 give a true and fair view of the financial position, the result of operations and the cash flows in accordance with IFRS.

Deloitte SA

Annik Jaton Hüni
Licensed Audit Expert
Auditor in Charge

Steve Rigolet
Licensed Audit Expert

Lausanne, February 21, 2012

Enclosures

Consolidated financial statements (consolidated statements of financial position, income and other comprehensive income, statement of changes in equity, statements of cash flows and notes)

ORANGE CONSOLIDATED INCOME STATEMENT

Amounts in thousands of Swiss Francs	Note	December 31, 2011	December 31, 2010
Revenue	***3.1***	**1,248,773**	**1,295,453**
Access back bone and interconnection	***3.2***	(226,757)	(239,586)
Commercial expenses and cost of equipment sold	***3.3***	(364,218)	(370,586)
Network, IT, property expenses and other purchases	***3.4***	(175,344)	(197,300)
Labour expenses	***3.5***	(142,885)	(137,572)
Other operating expenses	***3.6***	(20,020)	(18,510)
Other operating income	***3.7***	22,987	19,664
Restructuring and transaction costs	***3.8***	(2,873)	(6,944)
Corporate and brand fees	***23***	(29,255)	(31,060)
Depreciation, amortization and impairment	***6, 7***	(196,565)	(185,244)
Operating income		**113,843**	**128,316**
Financial expenses	***4.1***	(19,556)	(20,197)
Financial income	***4.2***	2,244	4,016
Finance costs, net		**(17,312)**	**(16,181)**
Net income before tax		**96,531**	**112,135**
Income tax	***5***	3,695	(16,384)
Net income		**100,226**	**95,751**
Net income attributable to equity owners		100,226	95,751

the accompanying notes are an integral part of the consolidated financial statements

ORANGE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of Swiss Francs	**Note**	**December 31, 2011**	**December 31, 2010**
Net income		**100,226**	**95,751**
Gains (losses) on cash flow hedge		4,195	(3,165)
Actuarial gains (losses) on post-employment benefits	*17*	(30,875)	(20,092)
Deferred tax on items recognized directly in other comprehensive income	*5*	7,864	5,132
Other comprehensive income after tax		**(18,816)**	**(18,125)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**81,410**	**77,626**

the accompanying notes are an integral part of the consolidated financial statements

The amount of 4,195 TCHF related to gains and losses on cash flow hedge has been recycled through P&L.

ORANGE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of Swiss Francs	Note	December 31, 2011	December 31, 2010
ASSETS			
Non-current assets			
Intangible assets	*6*	167,917	195,200
Property, plant and equipment	*7*	695,709	701,909
Other non-current assets	*8*	6,108	5,782
Deferred tax assets	*5*	131,631	120,149
Total non-current assets		**1,001,365**	**1,023,040**
Current assets			
Inventories	*9*	26,432	23,072
Trade receivables	*10*	302,481	268,459
Other current assets	*11.1*	2,049	6,743
Prepaid expenses	*11.2*	563	141
Cash and cash equivalents	*12*	429,500	274,108
Assets classified as held for sale	*13*	18,057	—
Total current assets		**779,082**	**572,523**
TOTAL ASSETS		**1,780,447**	**1,595,563**

the accompanying notes are an integral part of the consolidated financial statements

ORANGE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in thousands of Swiss Francs	Note	December 31, 2011	December 31, 2010
EQUITY AND LIABILITIES			
Equity			
Share capital	***14***	400,000	400,000
Share premium		200,000	200,000
Retained earnings—Accumulated deficit		(331,180)	(431,395)
Reserves		(46,511)	(27,695)
Total equity		**222,309**	**140,910**
Non-current liabilities			
Financial liabilities at amortized cost, excluding trade payables	***15***	917,063	917,142
Employee benefits obligations	***17***	54,374	23,439
Provisions	***18***	81,746	42,986
Deferred tax liabilities	***5***	3,432	3,903
Total non-current liabilities		**1,056,615**	**987,470**
Current liabilities			
Trade payables	***15***	430,547	400,514
Financial liabilities at amortized cost, excluding trade payables	***15***	2,565	2,733
Hedging derivatives liabilities	***15, 16***	—	4,095
Short-term employee benefit		15,050	15,862
Provisions	***18***	2,110	1,052
Other liabilities	***19.1***	14,949	16,969
Deferred income	***19.2***	36,302	25,958
Total current liabilities		**501,523**	**467,183**
TOTAL EQUITY AND LIABILITIES		**1,780,447**	**1,595,563**

the accompanying notes are an integral part of the consolidated financial statements

ORANGE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

amounts in thousands of Swiss francs	Note	Share capital	Share premium	Cash flow Hedging reserve	Actuarial gains & losses	Retained earnings—Accumulated deficit	Total equity
Balance at January 1, 2010		**400,000**	**203,617**	**(1,030)**	**(8,541)**	**(230,736)**	**363,311**
Net income						95,751	95,751
Foreign exchange gains (losses) on cash flow hedges	***20.2***			(3,165)			(3,165)
Actuarial gains and losses on post-employment benefits	***17***				(20,092)		(20,092)
Deferred tax on items recognized directly in equity	***5.4***				5,132		5,132
Consolidated comprehensive income				**(3,165)**	**(14,960)**	**95,751**	**77,626**
Capital increase							—
Share-based compensation (stock options)							—
Dividends	***14***		*(3,617)*			*(296,383)*	*(300,000)*
Other movements						(27)	(27)
Balance at December 31, 2010		**400,000**	**200,000**	**(4,195)**	**(23,500)**	**(431,395)**	**140,910**
Net income						100,226	100,226
Foreign exchange gains (losses) on cash flow hedges	***20.2***			4,195			4,195
Actuarial gains and losses on post-employment benefits	***17***				(30,875)		(30,875)
Deferred tax on items recognized directly in equity	***5.4***				7,864		7,864
Consolidated comprehensive income				**4,195**	**(23,011)**	**100,226**	**81,410**
Capital increase							—
Share-based compensation (stock options)							—
Dividends	***14***						—
Other movements						(11)	(11)
Balance at December 31, 2011		**400,000**	**200,000**	**—**	**(46,511)**	**(331,180)**	222,309

the accompanying notes are an integral part of the consolidated financial statements

ORANGE CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in thousands of Swiss Francs	Note	December 31, 2011	December 31, 2010
OPERATING ACTIVITIES			
Net income		100,226	95,751
Adjustments to reconcile net income to funds generated from operations			
Depreciation and amortization	*6, 7*	191,114	183,317
Impairment of non-current assets	*6, 7*	5,451	1,927
Change in other provisions		678	(3,604)
Income tax recognized in the P&L	*5*	(3,695)	16,384
Interest income and expense, net		16,794	17,276
Foreign exchange gains and losses, net		990	(590)
Derivatives		(540)	(437)
Change in inventories, trade receivables and trade payables			
Decrease/(increase) in inventories	*9*	(3,360)	7,336
Decrease/(increase) in trade receivables		(29,333)	45,670
Increase/(decrease) in trade payables		12,476	(41,803)
Other changes in working capital requirements			
Decrease/(increase) in other receivables		17	18,444
Increase/(decrease) in other payables		6,111	6,009
Other net cash out			
Interest income received		250	1,483
Interest paid and interest rates effects on derivatives, net		(16,459)	(19,213)
Income tax paid	*5*	(394)	(498)
Net cash provided by operating activities		**280,326**	**327,452**
INVESTING ACTIVITIES			
Purchases/sales of property, plant and equipment and intangible assets			
Purchases of property, plant and equipment and intangible assets	*6, 7*	(142,701)	(147,720)
Increase/(decrease) in amounts due to fixed asset suppliers	*15*	18,851	(10,518)
Net cash used in investing activities		**(123,850)**	**(158,238)**
FINANCING ACTIVITIES			
Redemptions and repayments			
Long-term debt		(95)	(232)
Other changes			
Dividends paid	*14*	—	(300,000)
Net cash used in financing activities		**(95)**	**(300,232)**
Net change in cash and cash equivalents		**156,381**	**(131,018)**
Cash and cash equivalents at beginning of year	*12*	**274,108**	**404,536**
Effect of exchange rates changes on cash and cash equivalents		(989)	590
Net change in cash and cash equivalents		156,381	(131,018)
Cash and cash equivalents at end of year	*12*	**429,500**	**274,108**

the accompanying notes are an integral part of the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Basis of preparation of the consolidated financial statements

Description of the business and purpose of preparation

Orange Communications SA was incorporated on January 20, 1998 in Lausanne, Switzerland.

The company and its subsidiaries (hereafter called "Orange Switzerland" or "the Group") provide consumers, businesses and other telecommunications operators with a wide range of services including mobile telecommunications, data transmission, Internet and other value-added services.

The Group is fully owned by France Telecom Group, Paris, which presents its consolidated financial statements in accordance with IFRS. The Group consists of the following entities (no change in scope through the periods presented):

Legal entity	Country of incorporation	Equity interest	Nature of business
Orange Communications SA (« OCH »)	Switzerland	Parent company	Communications
Orange Network SA (« ONW »)	Switzerland	100%	Investments in Communications
Orange Liechtenstein AG (« OFL »)	Liechtenstein	100%	Communications

The consolidated financial statements of the Group for the year ended December 31, 2011 were authorised for issue by Management of Orange Switzerland on February 20, 2012. The Board of Directors has the power to amend the financial statements.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by IASB**.** The Group has been considered as an ongoing IFRS issuer, since Orange Communications SA issued individual financial statements in accordance with IFRS until December 31, 2007, as well as consolidated financial statements as at December 31, 2008, 2009 and 2010.

The revised standards and amendments (mainly IAS 24 "Related Parties" and the improvements to IFRSs), which are effective for annual periods starting as from January 1, 2011, have no significant impact on the consolidated Financial statements.

The Group has not early adopted any IFRS published by the International Accounting Standard Board ("IASB"), which is not yet effective. New standards and interpretations issued but not yet effective are the following:

- IFRS 7 (amendment) Disclosures—Transfers of financial assets
- IFRS 7 (amendment) Offsetting financial assets and financial liabilities
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosures of interests in other entities
- IFRS 13 Fair value measurement
- IAS 1 (amendment) Presentation of financial statements—Presentation of items of other comprehensive income
- IAS 12 (amendment) Income taxes—Recovery of underlying assets
- IAS 19 (amendment) Employee benefits
- IAS 27 (revised) Separate financial statements
- IAS 28 (revised) Investments in associates and joint ventures
- IAS 32 (amendment) Offsetting financial assets and financial liabilities

The consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue its operations under the scope as defined above.

Note 1—Basis of preparation of the consolidated financial statements (Continued)

Use of estimates and judgements

In preparing the Group financial statements, the Group's management makes estimates, judgements and assumptions, insofar as many elements included in the financial statements cannot be measured with precision. These estimates and underlying assumptions are revised if the underlying circumstances evolve or in light of new information or experience. Consequently, estimates made at December 31, 2011 may subsequently be changed. The underlying assumptions used for significant estimates are as follows:

		Nature of estimate and judgement
Note 2.4	Revenues	Allocation of each separable component of a bundled offer based on the relative fair value of the individual components Straight-line recognition of revenue relating to invoiced service access fees depending on the nature of product and historical contractual relationship Reporting of revenue on a net versus gross basis (depending on an analysis of the Group's involvement as either principal or agent)
Note 2.9	Impairment	Key assumptions used to determine recoverable amounts: value in use (discount rate, perpetual growth rate, expected cash flows), market value (revenue and EBITDA multiples for comparable companies or transactions, cash flows) Assessment of economic and financial environment
Note 5	Income tax	Assumptions used for recognition of deferred tax assets arising from the carry forward of unused tax losses and consequences of changes in tax laws
Notes 2.7 and 2.8	Purchases of property, plant and equipment, intangible assets other than goodwill	Determination of the useful life of the assets based on a assessment of the technological, legal or economic environments
Note 17	Employee benefits	Discount rate, inflation rate, return rate on plan assets, salary increases, mortality table
Note 2.14	Provisions	Provisions for termination benefits and restructuring: discount rate, plan success rate Provisions for claims and litigation: assumptions underlying risk assessment and measurement Provisions for dismantling: churn rate, discount rate, residual antenna useful life and restoring cost

Note 2—Accounting policies

This note describes the accounting policies applied to prepare the consolidated financial statements for the years ended December 31, 2011 and December 31, 2010. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

2.1 Presentation of the consolidated financial statements

Consolidated income statement

Expenses are presented in the income statement based on their nature.

Operating income corresponds to net income before:

- financial income;
- finance costs;
- income tax (current and deferred taxes).

Note 2—Accounting policies (Continued)

Statement of comprehensive income

This statement reconciles the consolidated net income to the comprehensive income for the period. It presents other items of income and expense before tax ("components of other comprehensive income") which are not recognized in consolidated net income for the period:

- remeasurement of actuarial gains or losses on defined benefit plans;
- remeasurement of cash flow hedge instruments;
- total amount of tax relating to the above items.

Consolidated statement of financial position

Current and non-current items are presented separately in the statement of financial position: assets and liabilities with a term of no more than twelve months are classified as current, whereas assets and liabilities with a term of more than twelve months are classified as non-current.

Consolidated statement of cash flows

The statement of cash flows is reported using the indirect method from the consolidated net income and is broken down into three categories:

- cash flows arising from operating activities;
- cash flows arising from investing activities;
- cash flows arising from financing activities.

Financial interests and income taxes are included in the cash flows arising from operating activities.

2.2 Basis of consolidation

Subsidiaries that are controlled exclusively by the Group, directly or indirectly, are fully consolidated. Control is deemed to exist when the Group owns more than 50% of the voting rights of an entity, or has power:

- over more than one half of the voting rights of the other entity by virtue of an agreement;
- to govern the financial and operating policies of the other entity under a statute or agreement;
- to appoint or remove the majority of the Members of the Board of Directors or equivalent governing body of the other entity; or
- to cast the majority of votes at meetings of the Board of Directors or equivalent governing body of the other entity.

Intragroup transactions and balances are eliminated in consolidation.

2.3 Effect of changes in foreign exchange rates

Functional and presentation currency

The Swiss Franc is the functional currency of all entities within the Group and is the Group's presentation currency.

Note 2—Accounting policies (Continued)

Transactions in foreign currencies

Transactions in foreign currencies are converted into the entities' functional currency at the exchange rate of the transaction date. Monetary assets and liabilities are remeasured at the exchange rate of the end of each reporting period and the resulting translation differences are recorded in the income statement:

- in operating income for commercial transactions;
- in finance income or finance costs for financial transactions.

Both for transactions qualifying for hedge accounting and for transactions qualifying for economic hedge, the change in fair value of derivatives that can be attributed to changes in exchange rate is recorded in operating income when the underlying hedged item is a trade commercial transaction and in finance income when the underlying hedged item is a receivable or a financial liability. As the hedged item is not recognized in the statement of financial position in the context of a cash flow hedge of a highly probable forecast transaction, the effective portion of change in fair value of the hedging instrument is recorded in other comprehensive income and reclassified in:

- profit or loss in accordance with the precedent method with respect to financial assets and liabilities;
- the initial cost of the hedged item with respect to the non-financial assets and liabilities.

2.4 Revenue

Revenue from the Group activities is measured and accounted for in accordance with IAS 18 "Revenue".

Separable components of bundled offers

Numerous packages offered by the Group include two components: equipment (e.g. a mobile handset) and service (e.g. a talk plan). As far as a sale with multiple products or services is concerned, the Group analyses all deliverables in the arrangement to determine whether they represent separate units of accounting. A component (product or service) is considered to be a separate unit of accounting if (i) it has a standalone value to the customer and (ii) there is objective and reliable evidence of the fair value of the undelivered component(s).

The fixed or determinable total amount in the arrangement is allocated to the components based on their relative fair value. However, when an amount allocated to a delivered component is contingent upon the delivery of additional components or the satisfaction of specific performance conditions, the amount allocated to that delivered component is limited to the non contingent amount. The case arises in the mobile business for sales of bundled offers including a handset and a telecommunication access service. The handset is considered to have a standalone value to the customer, and there is objective and reliable evidence of fair value for the telecommunication access service to be delivered. As the amount that could be allocated to the handset generally exceeds the amount to be received from the customer at the date the handset is delivered, revenue recognized from the sale of the handset is generally limited to the amount in the arrangement that is not contingent upon the rendering of access services, i.e. the amount paid by the customer for the handset.

For offers that cannot be separated in identifiable components, revenues are recognized in full over the life of the contract. Main example relates to connection service. Connection service is not a component, which can be separated from the subscription and communication; therefore connection fees are recognized over the expected average life of the contractual relationship.

Equipment sales

Revenue from equipment sales is recognized when the significant risks and rewards of ownership are transferred to the customer.

When a sale of equipment, which is associated to the subscription of telecommunication access services, is performed by a third-party retailer who purchases it from the Group and receives a commission for signing up the customer, the related revenue is:

- recognized when the equipment is sold to the end-customer;
- estimated by the Group taking into account the best estimate of the retail price and any subsidies granted to the retailer at the time of the sale and passed on to the end-customer in the form of a discount to the equipment price.

Equipment rentals

In accordance with IFRIC 4 "Determining Whether an Arrangement Contains a Lease", equipment for which a right of use is granted is analyzed in accordance with IAS 17 "Leases".

Revenue from equipment lease is recognized on a straight-line basis over the life of the lease agreement, except when the lease is determined to be a finance lease; in such a case, equipment is then considered sold with deferred payment terms.

Content sales

The accounting for revenue sharing arrangements and supply of contents depends on the analysis of the facts and circumstances surrounding these transactions. Thus, an analysis is performed using the following criteria to determine whether the revenue is recognized on:

- a gross basis when the Group:
  - —is the primary obligor in the arrangement;
  - —bears inventory risk;
  - —has a reasonable latitude in establishing price with the end-customer;
  - —bears the customer's credit risk.
- a net basis when:
  - —the service provider is responsible for the service and for establishing the price to be paid by the subscriber;
  - —the service provider is responsible for supplying the content to the end-customer and for establishing the retail price.

Service sales

Revenue from telecommunication and Internet access subscription fees, including those from wholesale, is recognized on a straight-line basis over the subscription period.

Revenues from incoming and outgoing telephone calls, including those from the wholesale of traffic data, are recognized when the service is rendered.

Revenues from the sale of transmission capacity through cables as well as those from local loop unbundling are recognized on a straight-line basis over the life of the contract.

Revenues from Internet advertising are recognized over the period during which the advertisement is displayed.

Note 2—Accounting policies (Continued)

Promotional offers

Revenues are stated net of discounts. Certain commercial offers include a free service over a certain period (time-based incentives) when the customer commits to a fixed period contract. In such circumstances the total revenue generated under the contract is spread over the fixed and non-cancellable contract period.

Customized contracts

The Group offers customized solutions, in particular to its business customers. The related contracts are analyzed as multiple-element transactions (including management of the telecommunication network, access, voice and data transmission and migration). The commercial discounts granted under these contracts, if certain conditions are fulfilled, are recorded as a deduction from revenue based on the specific terms of each contract. Migration costs incurred by the Group under these contracts are recognized in expenses when they are incurred.

2.5 Subscriber acquisition and retention costs, advertising and related cost

Subscriber acquisition and retention costs

Subscriber acquisition and retention costs, other than costs incurred in the context of loyalty programs, are recognized as an expense from the period in which they are incurred, i.e. on acquisition or renewal. In some cases, contractual clauses with retailers include a profit-sharing based on revenue recognized and paid: such costs are recognized in profit or loss when the related revenue is recognized.

Loyalty programs

Points awarded to customers are treated as a separable component to be delivered in the transaction that triggered the acquisition of points. Part of the invoiced revenue is allocated to these points based on their fair value taking into account an estimated utilization rate, and deferred until the date on which the points are definitively converted into benefits. Fair value is defined as the excess price over the sales incentive that would be granted to any new customer.

Advertising and related costs

Advertising, promotion, sponsoring, communication and brand marketing costs are expensed when incurred.

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset which requires a substantial period of time to get ready for its intended use or sale.

The network deployment mode—in the Group assessment—does not generally require a substantial period of time.

Consequently, the Group does not capitalize interest expense incurred during the period of construction and acquisition of property, plant and equipment and intangibles.

2.7 Intangible assets

Intangible assets consist mainly of licenses, content rights, indefeasible rights of use, patents, development costs and software.

Gross value

Intangible assets are initially recognized at their acquisition or production cost. When intangible assets are acquired in a business combination, their cost is generally determined in connection with the purchase price allocation based on their respective market value. When their market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally generated trademarks and subscriber bases are not recognized as assets.

Note 2—Accounting policies (Continued)

Library features and distribution rights are recognized at their acquisition cost as intangible assets when the content has been accepted technically and the rights have become valid. Movie co-production rights are accounted for based on the stage of completion of the movie.

Indefeasible Rights of Use (IRUs) acquired by the Group correspond to the right to use cable or capacity transmission cable granted for a fixed period. IRUs are recognized as assets when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right corresponds to the major part of the economic life of the underlying asset.

The Group's research and development projects mainly relate to: the upgrade of the network architecture or functionality, and the development of service platforms aimed at offering new services to the Group's customers. These projects generally give rise to the development of software. Development costs are only capitalised when the following conditions are met:

- the intent to complete the intangible asset and use or sell it and the ability of adequate technical and financial resources for this purpose;
- the probability that the intangible asset will generate future economic benefits for the Group; and
- expenditure related to the development of the intangible can be measured reliably.

Depreciation

Intangibles are amortized on straight-line basis over their expected useful life.

Licenses to operate mobile telephone networks are amortized over the license period from the date when the network is technically ready and the service can be marketed. The right to operate a mobile network is recorded in an amount corresponding to the fixed portion of the royalties due when the license was granted. The variable user fee is expensed as incurred.

Network equipment licences and rights are amortized on a straight-line basis over a period of 5-10 years.

Intangible assets related to internal and external software developments are amortized over a period from 3-5 years.

2.8 Property, plant and equipment

Cost

Fixed assets are recognized at their purchase or production cost, which include costs directly attributable to bringing the asset to the location and to a working condition for its intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, representing the obligation incurred by the Group.

The cost of networks includes design and construction costs, as well as costs related to the improvement in equipment and facility capacity.

The total cost of an asset is allocated to its different components. Each component is accounted for separately when the components have different useful lives or when the pattern in which their future economic benefits are expected to be consumed by the entity varies. Depreciation rate and method of such components are different accordingly.

Maintenance and repair costs are recognized in profit or loss as incurred, except where they serve to increase the productivity or useful life of the asset.

Note 2—Accounting policies (Continued)

Finance leases

Assets, of which lease transfers the risks and rewards of ownership to the Group, are recorded as Property Plant & Equipment and an obligation in the same amount is recorded in liabilities. Following are indicators that the risks and rewards of ownership are transferred to the Group:

- The lease transfers ownership of the asset to the lessee at the end of the lease term;
- The Group has the option to purchase the asset and due to the purchase terms transfer of ownership seems highly probable at the inception of the lease;
- Asset is leased over the major part of its estimated useful life;
- The present value of the minimum lease payments estimated at lease inception amounts to at least substantially all of the fair value of the leased asset.

Depreciation

Depreciation is based on the cost of a property, plant and equipment less any residual value and reflects the pattern in which the future economic benefits of the asset are expected to be consumed. Thus, the asset is usually depreciated on the straight-line basis over the following estimated useful lives:

Buildings and leasehold improvements	10 to 30 years
Switching, transmission and other network equipment	5 to 10 years
Cables and civil works	15 to 30 years
Computer hardware	3 to 5 years

These useful lives are reviewed annually and are adjusted if they differ from previous estimates. These changes in accounting estimates are recognized prospectively.

2.9 Impairment of non-current assets

At the end of each reporting period, the Group reviews the carrying amount of its property, plant and equipment and intangible assets with definite useful life to determine whether there is any indication that those assets have suffered an impairment loss.

Indicators of impairment include events or circumstances occurring during the period (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators).

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss (if any).

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which is assessed using the discounted cash flows method based on management's best estimate of the set of economic conditions. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of cash-generating units to which the asset belongs to.

The impairment loss recognized is equal to the difference between the net book value and the recoverable amount.

2.10 Non-current assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell.

Note 2—Accounting policies (Continued)

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.11 Financial assets and liabilities

Financial assets and liabilities are recognized initially at fair value. They are subsequently measured either at fair value or amortized cost using the effective interest method depending on the category in which they are classified.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. This calculation includes all fees and points paid or received between parties to the contract.

Recognition and measurement of financial assets

The Group does not hold any financial assets qualifying as held-to-maturity assets.

Available-for-sale assets

Available-for-sale assets consist mainly of shares in non-consolidated companies. They are recognized and subsequently measured at fair value. Fair value corresponds to quoted price for listed securities. For non-listed securities fair value is estimated based on a valuation technique determined according to the most appropriate financial criteria in each circumstance (comparable transactions, multiples for comparable companies, discounted present value of future cash flows).

Temporary changes in value are booked in other comprehensive income as “Gains (losses) on financial assets available-for-sale”.

When there is objective evidence that the asset is impaired, such as a significant or prolonged decline in the fair value of the asset, then the cumulative gain or loss previously accumulated in the equity is recycled to profit or loss.

Loans and receivables

This category mainly includes trade receivables, cash, certain deposits, as well as other loans and receivables. These instruments are recognized at fair value upon origination and are subsequently measured at amortized cost using the effective interest method. Short-term receivables with no stated interest rate are measured at initial nominal amount unless there is any significant impact resulting from the application of an implicit interest rate.

If there is any objective evidence of impairment of these assets, the value of the asset is reviewed at the end of each reporting period. An impairment loss is recognized in profit or loss when the financial asset carrying amount is higher than its recoverable amount.

Impairment of trade receivables is based on two methods:

- A statistical method: It is based on historical losses and leads to a separate impairment rate for each ageing balance category. This analysis is performed over a homogenous group of receivables with similar credit characteristics because they belong to a customer category (mass-market, small offices and home offices).

- A stand-alone method: The probability and the amount of impairment loss are estimated based on a set of relevant factors (ageing of late payment, other balances with the counterpart, rating from independent agencies, geographical area). This method is used for carriers and operators (domestic and international), local, regional and national authorities and for large accounts of Company Communication Services.

Recognition of impairment losses on a group of receivables is the step preceding the detection of impairment losses on individual receivables. When information is available (clients in bankruptcy or subject to equivalent judicial proceedings), these receivables are then excluded from the statistical database and individually impaired.

Note 2—Accounting policies (Continued)

Financial assets or financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss are:

- assets held for trading that the Group acquired principally for the purpose of selling them in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking;
- derivative assets not qualifying for hedge accounting.

Recognition and measurement of financial liabilities

Financial liabilities at amortized cost

Borrowings and other financial liabilities at amortized cost are recognized upon inception at fair value of the sums paid or received in exchange of the liability, and subsequently measured at amortized cost using the effective interest method. Current interest-free payables are booked at their nominal value.

Transaction costs that are directly related to the acquisition or issuance of a financial liability are deducted from its carrying value. The costs are subsequently amortized over the life of the liability by using the effective interest method.

Within the Group, some financial liabilities at amortized cost are subject to hedge accounting. It relates mostly to fix rate borrowings hedged against changes in interest rate and currency value (fair value hedge) and to foreign currency borrowings in order to hedge future cash flows against changes in currency value (cash flow hedge).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist mainly of derivative instruments described below.

Recognition and measurement of derivative instruments

Derivatives are measured at fair value and are presented in the statement of financial position according to their maturity date whether or not they do qualify for hedge accounting under IAS 39.

Derivatives are financial assets or liabilities measured at fair value through profit or loss and are classified in a separate line item of the statement of the financial position when they qualify for hedge accounting.

Hedge accounting is applicable when:

- at the inception of the hedge there is a formal designation and documentation of the hedging relationship;
- at the inception of the hedge and in subsequent periods the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows related to the hedged risk during the period for which the hedge is designated (i.e. the actual results of the hedge are within a range of 80-125%).

The three types of hedge accounting are the following:

- the fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment (or an identified portion of the asset or liability or firm commitment) that are attributable to a particular interest rate and/or currency risk and could affect profit or loss.

  Hedged portion of these items is remeasured at fair value. Change in this fair value is recognized in the statement of financial position and in profit or loss but balanced by the symmetrical changes in the hedging financial instruments fair value to the limit of the hedge effectiveness.

- the cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular interest rate and/or currency risk associated with a recognized asset or liability or a highly probable forecast transaction (such as a future purchase or sale) and could affect profit or loss.

The hedged item being not recognized, the effective portion of change in fair value of the hedging instrument is recognized in other comprehensive income. Such amounts are recycled to profit or loss when the hedged financial asset or hedged financial liability affects the income statement. When hedged item is not a financial asset or a financial liability, such amounts are reclassified in its initial cost.

- the net investment hedge is a hedge of the exposure to changes in values attributable to exchange risk of a net investment in a foreign operation and could affect income statement on the disposal of the foreign operation.

  The effective portion of the net investment hedge is recorded in other comprehensive income. The amounts booked in equity are recycled to profit or loss when the net investment is disposed of.

Hedge accounting can be terminated when the hedged item is no longer recognized, when the Group voluntarily revokes the designation of the hedging relationship, or when the hedging instrument is terminated or exercised. The accounting consequences are for:

- fair value hedge: at the hedge accounting termination date, the adjustment of the debt fair value is based on a recalculated effective interest rate at the date amortization begins;

- cash flow hedge: amounts booked in other comprehensive income are immediately reclassified in profit or loss when the hedged item is no longer recognized or, in all other cases, when the hedged item affects profit or loss.

In both cases, subsequent changes in the value of the hedging instrument are recorded in profit or loss.

2.12 Inventory

Inventories comprise handsets and related accessories for resale and are measured at the lower of their cost and their net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and cost to be incurred in marketing, sale and distribution.

2.13 Income and deferred taxes

Current tax is measured by the Group at the amount expected to be paid or recovered from the taxation authorities of each country, based on its interpretation with regard to the application of tax legislation.

Deferred taxes are recognized for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, using the liability method taking into account the tax rates, which are enacted or substantially enacted at the end of the reporting period. Deferred tax assets are recognized only when their realization is considered probable.

Deferred tax assets arising on these tax losses are not recognized under certain circumstances specific to each tax entity, and particularly when:

- entities cannot assess the probability of the tax loss carryforwards being set off against future taxable profits, due to forecasts horizon and uncertainties as to the economic environment;

- entities have not yet begun to use the tax loss carryforwards;

- entities do not expect to use the losses within the timeframe allowed by tax regulations;

- tax losses are uncertain to be used due to the risks of divergent interpretations with regard to the application of tax legislation.

2.14 Provisions

A provision is recognized when the Group has a present obligation towards a third party as resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Note 2—Accounting policies (Continued)

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's actions where, by an established pattern of past practice or published policies creating a valid expectation on the part of other parties that the Group will discharge certain responsibilities.

The estimate of the amount of the provision corresponds to the probable outflow of resources likely to be incurred by the Group to settle its obligation.

Contingent liabilities are disclosed in the notes to the financial statements. They correspond to:

- probable obligations resulting from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control; or

- present obligations arising from past events that are not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with a sufficient reliability.

Litigation

In the ordinary course of business, the Group is involved in a number of legal and arbitration proceedings and administrative actions. The costs that might result from these proceedings are only accrued when they are probable and when their amount can be quantified or estimated within a reasonable range. The amount of provision recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk.

Restructuring

Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan, prior to the end of the reporting period.

Provisions for dismantling and restoring sites

The Group is required to dismantle equipment and restore sites. Provision is measured at the best estimate of the amount required to settle its obligations (on a per site basis for mobile antenna). These dismantling costs are calculated on the basis of the identified costs for the current financial year, extrapolated for future years using the best estimate of future trends in prices, inflation, etc., and are discounted at a risk-free rate, based on market yields on high quality corporate bonds (or on government bonds when no corporate bond). This estimate is revised at the end of each reporting period and adjusted, when appropriate. The asset to which the provision relates is also adjusted for the corresponding amount.

2.15 Employee benefits

The Group is affiliated to a legally independent pension fund. The annual contributions to this fund are made by both employee and employer in accordance with unchanged regulatory provisions. This is a defined contribution plans according to Swiss legislation, but under IAS 19, it is qualified as a defined benefit plans due to the constructive obligation of the employer to guarantee a minimum rate of interest and a fixed conversion rate.

The Group contributes to a retirement plan established for the benefit of its employees, which has been incorporated at December 30, 1998 as a separate legal entity. The plan is providing several categories of coverage. In relation to the categories of coverage, the employees' contributions are based on various percentages of their gross salaries. All employees are entitled to participate in the plan for retirement, disability or death. The Group's contributions exceed those of the employees. The risks of disability and death are entirely reinsured by an insurance company.

The Group's obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value of the obligation, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary in accordance with the projected unit credit method. Actuarial gains or losses related to the defined benefit plan are recognized in other comprehensive income.

Note 2—Accounting policies (Continued)

2.16 Share-based compensation

In accordance with IFRS 2 "Share-based payments" the fair value of stock options, employee share issues and free share grants (concerning the shares of France Telecom or Orange) is determined on the grant date.

The fair value of stock options is generally determined by reference to the exercise price, the life of the options, the current price of the underlying shares, the expected share price volatility, expected dividends, the effect of market performance conditions and the risk-free interest rate over the life of the options. Service and performance conditions other than market conditions are not part of the fair value assessment, but are part of the assumptions for estimating the number of instruments expected to be vested.

The amount so determined is recognized in labour expenses on a straight-line basis over the period between the grant date and the vesting date with a corresponding amount recorded in equity for equity-settled plans or in liability for cash-settled plans. There is no exercisable share-based payment plan as of December 31, 2010 and 2011.

Note 3—Revenue, operating income and expenses

3.1 Revenue

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Network	1,107,750	1,124,757
Equipment	93,614	113,635
Other mobile services	39,214	48,333
Fixed line home	5,736	5,509
Fixed line entreprise	2,459	3,219
Total	**1,248,773**	**1,295,453**

3.2 Access back bone and interconnection

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Interconnection costs	(198,898)	(212,055)
Transmission leased lines	(20,471)	(20,139)
Fixed network costs	(7,388)	(7,392)
Total access back bone and interconnection	**(226,757)**	**(239,586)**

3.3 Commercial expenses and cost of equipment sold

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Cost of equipment sold	(203,167)	(191,424)
Commercial expenses	(161,051)	(179,162)
Total Commercial expenses and cost of equipment sold	**(364,218)**	**(370,586)**

3.4 Network, IT, property expenses and other purchases

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Network and IT charges	(60,115)	(75,250)
Property expenses	(57,856)	(61,481)
Subcontracting and professional services	(29,025)	(31,029)
Content costs	(5,468)	(8,281)
Other purchases	(22,880)	(21,260)
Total Network, IT, property expenses and other purchases	**(175,344)**	**(197,300)**

Note 3—Revenue, operating income and expenses (Continued)

3.5 Labour expenses

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Average number of employees (full-time equivalents)	1,189	1,176
Wages and employee benefit expenses, of which		
—Salaries and wages	(118,833)	(116,990)
—Social contributions, excluding retirement plans	(10,090)	(7,611)
—Individual incentive/bonus plans	(16,498)	(18,450)
—Own work capitalised—Labour	16,304	17,798
—Post-employed benefits	(13,584)	(12,527)
—Other	(184)	208
Total labour expenses	**(142,885)**	**(137,572)**

3.6 Other operating expenses

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Customer bad debt written-off	(7,985)	(8,399)
Spectrum fees	(9,707)	(7,339)
Other (1)	(2,328)	(2,772)
Total other operating expenses	**(20,020)**	**(18,510)**

(1) Other operating expenses mainly include capital investment taxes.

3.7 Other operating income

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Net foreign gain exchange on trade payables and receivables	6,918	4,168
Other (1)	16,069	15,496
Total other operating income	**22,987**	**19,664**

(1) Other operating income mainly include costs recharged to affiliated companies of France Telecom Group for services delivered by the Group.

3.8 Restructuring and transaction costs

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Restructuring costs	(2,873)	(2,669)
Transaction costs (1)	—	(4,275)
Total restructuring and transaction costs	**(2,873)**	**(6,944)**

(1) Related to the tentative acquisition of Sunrise conducted in 2010.

Note 4—Financial income and expenses

4.1 Financial expenses

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Interests on loan from shareholder	(16,943)	(19,367)
Foreign exchange losses on financial assets & liabilities	(1,101)	—
Other	(1,512)	(830)
Total financial expenses	**(19,556)**	**(20,197)**

4.2 Financial income

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Interests on cash and other deposits	250	1,515
Expected return on defined benefit plan assets net of pension liability interest cost	1,243	1,406
Foreign exchange gains on financial assets & liabilities	111	590
Other	640	505
Total financial income	**2,244**	**4,016**

Note 5—Income tax

5.1 Income tax benefit/(charge)

The Group is liable for taxes in all cantons based on an intercantonal allocation at various rates. The Group is also subject to federal income tax. With this regard and considering the tax holidays granted by the cantons (full or partial), the current average tax rate is estimated at a rate of 25.47% (25.47% in 2010) based on the statutory tax rates applicable in Switzerland, which can potentially vary in the upcoming years. Tax losses are normally available to be set off against future taxable income for a period of seven years.

Orange Communications SA benefited from tax holidays (full or partial) for the initial 10 fiscal periods following the incorporation for the cantons where the Company is subject to the main element of taxation. It is, however, subject to taxes at the federal level, as well as from various other cantons.

Orange Network SA and Orange (Liechtenstein) AG do not benefit from tax holidays.

The income tax split comprises:

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Total tax income/(expense) relating to continuing operations	**3,695**	**(16,384)**
—Current tax expense in respect of the current year	(394)	(498)
—Deferred tax income / (expense)	4,089	(15,886)

Note 5—Income tax (Continued)

5.2 Group tax proof

The reconciliation between effective income tax expense and the theoretical tax calculated based on the Swiss statutory tax rate is as follows:

(in thousands of Swiss Francs)	Year 31.Dec.11	Year 31.Dec.10
Net result before tax	**96,531**	**112,135**
Income tax rate	25.47%	25.47%
Theoretical income tax expense	**(24,586)**	**(28,561)**
Reconciliation items:		
Effect of different tax rates of subsidiaries operating in other jurisdictions	4,128	6,591
Effect of changes in losses to be carryforward and other temporary differences	—	15,987
Recognition of previously unrecognized tax losses carried forward	28,101	—
Reassesement of previous years deferred tax asset	—	(3,275)
Deferred tax assets not recognized on temporary differences and tax loss carry forwards arising in the period	—	(3,331)
IAS 12.81(d) Effect on deferred tax balances due to the change in income tax rate	(2,701)	(3,823)
Other	(1,246)	28
Income tax expense recognised in profit or loss	**3,695**	**(16,384)**

5.3 Balance sheet tax position

The balance sheet tax position by class of temporary difference breaks down as follows:

(in thousands of Swiss Francs)	31.Dec.11 Net	31.Dec.10 Net
Pension provision	13,850	5,987
Intangible assets	9,027	21,105
Property, plant and equipment	13,351	29,496
Tax loss carryforwards	91,115	58,801
Other	856	857
Net deferred taxes—Group	**128,199**	**116,245**
—Deferred tax assets	*131,631*	*120,149*
—Deferred tax liabilities	*(3,432)*	*(3,903)*

In 2007 and 2008 the licences and Radio access network were sold by Orange Communications SA to Orange Network SA at fair value, resulting in a capital gain, which has been eliminated on consolidation. This created a tax temporary difference that will be consumed over the remaining useful life of underlying assets (namely between 5 and 20 years depending on the nature of each asset).

Note 5—Income tax (Continued)

5.4 Changes in Group net deferred taxes

(in thousands of Swiss Francs)	Opening balance 01.Jan.11	Recognized in profit or loss	Recognized in other components of comprehensive income	Closing balance 31.Dec.11
Temporary differences				
Pension	5,987	(1)	7,864	13,850
Intangible assets	21,105	(12,078)	—	9,027
Property, plant and equipment	29,496	(16,145)	—	13,351
Tax losses carryforwards	58,801	32,314	—	91,115
Other	857	(1)	—	856
Total	**116,245**	**4,089**	**7,864**	**128,199**

(in thousands of Swiss Francs)	01.Jan.10			31.Dec.10
Temporary differences				
Pension	1,908	(1,053)	5,132	5,987
Intangible assets	34,886	(13,781)	—	21,105
Property, plant and equipment	43,275	(13,779)	—	29,496
Tax losses carryforwards	46,627	12,174	—	58,801
Other	305	552	—	857
Total	**127,000**	**(15,886)**	**5,132**	**116,245**

Deferred tax assets not recognized at the reporting date are as follows:

(in thousands of Swiss Francs)	31.Dec.11 Net	31.Dec.10 Net
—unused tax losses	—	28,671
—temporary differences	104,317	104,158
Total	**104,317**	**132,829**

As of December 31, 2011, there are no more unrecognized tax losses carryforward (tax bases) for which no deferred tax assets have been recognized.

Unrecognized tax losses carryforward (tax bases) for which no deferred tax assets had been recognized as of December 31, 2010, together with their expiration dates, are shown in the table below.

in thousand of Swiss Francs	Tax losses carryforward
2015	10,725
2016	30,017
2017	70,566
Total	**111,308**

Note 6—Intangible assets

At December 31, 2011, the intangible assets were as follows:

	31.Dec.11			
(in thousands of Swiss Francs)	**Cost**	**Accumulated depreciation and amortization**	**Impairment**	**Net**
Telecommunication licenses	62,280	(37,962)	—	24,318
Software	786,226	(667,498)	(2,352)	116,376
Lease premium	29,980	(14,620)	—	15,360
Right of use and other intangible assets	14,640	(2,777)	—	11,863
Total	**893,126**	**(722,857)**	**(2,352)**	**167,917**

At December 31, 2010, the intangible assets were as follows:

	31.Dec.10			
(in thousands of Swiss Francs)	**Cost**	**Accumulated depreciation and amortization**	**Impairment**	**Net**
Telecommunication licenses	62,280	(33,179)	—	29,101
Software	751,405	(612,398)	—	139,008
Lease premium	29,980	(10,684)	—	19,296
Right of use and other intangible assets	10,218	(2,423)	—	7,795
Total	**853,883**	**(658,684)**	**—**	**195,200**

Intangibles assets under construction amount to 37,394 TCHF at December 31, 2011 (December 31, 2010: 31,242 TCHF).

Movements in the net book value of intangible assets were as follows:

(in thousands of Swiss Francs)	**Telecomm-unication licenses**	**Software**	**Lease premium**	**Right of use and other intangible assets**	**TOTAL**
Opening balance at 01.Jan.11	29,101	139,008	19,296	7,795	195,200
Acquisitions of intangible assets	—	40,281	—	4,422	44,703
Depreciation and amortization and impairment	(4,783)	(61,922)	(2,194)	(354)	(69,253)
Reclassifications and other items	—	(991)	(1,742)	—	(2,733)
Closing balance at 31.Dec.11	**24,318**	**116,376**	**15,360**	**11,863**	**167,917**

(in thousands of Swiss Francs)	**Telecomm-unication licenses**	**Software**	**Lease premium**	**Right of use and other intangible assets**	**TOTAL**
Opening balance at 01.Jan.10 (1)	33,880	153,048	21,761	2,769	211,458
Acquisitions of intangible assets (1)	—	58,950	—	5,457	64,407
Depreciation and amortization and impairment (1)	(4,779)	(72,990)	(2,465)	(431)	(80,665)
Reclassifications and other items	—	—	—	—	—
Closing balance at 31.Dec.10	**29,101**	**139,008**	**19,296**	**7,795**	**195,200**

(1) These lines include a reclassification from tangibles to intangibles for an amount of 67,935 TCHF in gross book value and 31,216 TCHF of amortization. This reclassification mainly concerns IT equipment and is reclassified into software.

Note 6—Intangible Assets (Continued)

Information on telecommunication licenses at December 31, 2011

(in thousands of Swiss Francs)	Cost	Net	Residual useful life (1)
GSM	6,385	—	—
UMTS	55,895	24,318	5
Total telecommunication licenses	**62,280**	**24,318**	**—**

(1) In number of years at December 31, 2011.

Capitalized expenditure

The expenses capitalized during the period were as follows:

(in thousands of Swiss Francs)	31.Dec.11 Net	31.Dec.10 Net
External purchases	2,663	4,018
Labour expenses	9,583	12,197
Total	**12,246**	**16,215**

Note 7—Property, plant and equipment

At December 31, 2011, the property, plant and equipment were as follows:

	31.Dec.11			
(in thousands of Swiss Francs)	Cost	Accumulated depreciation and amortization	Impairment	Net
Land and buildings	116,038	(72,059)	—	43,979
Networks and terminals	2,170,723	(1,543,883)	(7,072)	619,768
IT equipment	222,206	(198,650)	—	23,556
Other property, plant and equipment	34,553	(25,330)	(817)	8,406
Total	**2,543,520**	**(1,839,922)**	**(7,889)**	**695,709**

At December 31, 2010, the property, plant and equipment were as follows:

	31.Dec.10			
(in thousands of Swiss Francs)	Cost	Accumulated depreciation and amortization	Impairment	Net
Land and buildings	143,081	(99,046)	—	44,035
Networks and terminals	2,059,119	(1,427,157)	(2,265)	629,697
IT equipment	217,004	(195,455)	—	21,549
Other property, plant and equipment	30,279	(23,478)	(173)	6,628
Total	**2,449,483**	**(1,745,136)**	**(2,438)**	**701,909**

Tangibles assets under construction amount to 78,573 TCHF at December 31, 2011 (December 31, 2010: 48,442 TCHF).

Note 7—Property, Plant And Equipment (Continued)

Movements in the net book value of property, plant and equipment were as follows:

(in thousands of Swiss Francs)	Land and buildings	Networks and terminals	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance at 01.Jan.11	44,035	629,697	21,549	6,628	701,909
Acquisitions of property, plant and equipment	5,294	86,767	4,838	1,099	97,998
Depreciation and amortization and impairment	(6,742)	(112,783)	(7,482)	(305)	(127,312)
Reclassifications and other items	1,392	16,087	4,651	984	23,114
Closing balance at 31.Dec.11	**43,979**	**619,768**	**23,556**	**8,406**	**695,709**

(in thousands of Swiss Francs)	Land and buildings	Networks and terminals	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance at 01.Jan.10 (1)	42,945	661,923	5,353	9,872	720,093
Acquisitions of property, plant and equipment (1)	7,770	67,292	7,334	(1,866)	80,530
Depreciation and amortization (1)	(6,680)	(105,073)	8,552	(1,378)	(104,579)
Reclassifications and other items	—	5,555	310	—	5,865
Closing balance at 31.Dec.10	**44,035**	**629,697**	**21,549**	**6,628**	**701,909**

(1) These lines include a reclassification from tangibles to intangibles for an amount of 67,935 TCHF in gross book value and 31,216 TCHF of amortization. This reclassification mainly concerns IT equipment and is reclassified into software.

Property, plant and equipment held under finance leases have a net book value of nil at December 31, 2011 (nil at December 31, 2010).

Capitalized expenditure

The expenses capitalized during the period were as follows:

(in thousands of Swiss Francs)	31.Dec.11 Net	31.Dec.10 Net
External purchases	1,722	3,337
Labour expenses	6,721	6,555
Total	**8,443**	**9,892**

Note 8—Other non current assets

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Assets available for sale	23	23
Deposits and other items	6,085	5,759
Total other non current assets	**6,108**	**5,782**

The non-consolidated investments classified as assets available for sale are related to 23% shares of Teldas AG for an amount of 23 TCHF at December 31, 2011 (23 TCHF at December 31, 2010).

Note 9—Inventories

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Inventories of handsets	24,655	21,454
Other products/services sold	2,877	4,349
Gross value	**27,532**	**25,802**
Provisions for obsolescence	(1,100)	(2,730)
Net value	**26,432**	**23,072**

The cost of inventories recognized as an expense during the period in respect of continuing operations amounted to 204,786 TCHF for FY 2011 (192,924 TCHF for FY 2010).

Note 10—Trade receivables

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Gross trade receivables	306,324	273,070
Provision for doubtful debts	(3,843)	(4,611)
Net trade receivables	**302,481**	**268,459**

Gross trade receivables are broken down as follows:

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Trade receivables depreciated according to their age	55,293	37,526
Gross trade receivables past due	**55,293**	**37,526**
Not past due	251,031	235,544
Gross trade receivables	**306,324**	**273,070**

The following table provides an aging balance of gross trade receivables past due and depreciated according to their age:

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Past due-under 60 days	44,566	26,720
Past due-60 to 120 days	5,641	4,283
Past due-over 120 days	5,086	6,523
Total gross trade receivables past due and depreciated according to their age	**55,293**	**37,526**

The Group has a contract with Intrum Justitia AG in order to outsource the receivables collection. As at December 31, 2011, the terms of the deal were as follows:

	Buying rate
Mobile invoices B2C	49.50%
Mobile invoices B2B and non mobile invoices	
0-1,000 CHF	52.80%
1,000-2,750 CHF	6.00%
2,750-10,000 CHF	2.00%
> 10,000 CHF	2.60%

Residential customers debt is transmitted to the agency if past due over 121 days. Regarding Business customers, it is a case by case analysis and decision, especially if the customers have other contracts with the Group.

Note 11—Other current assets and prepaid expenses

11.1 Other current assets

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
VAT, receivables	330	324
Other receivables	1,719	6,419
Total other current assets	**2,049**	**6,743**

11.2 Prepaid expenses

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Prepaid external purchase	563	18
Other prepaid expense	—	123
Total	**563**	**141**

Note 12—Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and the cash pool with France Telecom SA in current account, net of outstanding bank overdrafts. Cash & cash equivalents at the end of the periods presented are as follows:

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Cash & bank balances	21,549	6,541
Cash pool France Telecom SA	407,951	267,567
Total cash and cash equivalents—assets	**429,500**	**274,108**
Bank overdraft	—	—
Cash and cash equivalents net	**429,500**	**274,108**

Note 13—Assets classified as held for sale

(in thousands of Swiss Francs)	31 Dec.11	31.Dec.10
Building	14,113	—
Parking	3,944	—
Total assets classified as held for sale	**18,057**	**—**

The Board of Directors has through circular resolution dated July 31, 2011, decided on the sale of the real estate in Biel.

The real estate to be sold consists of (i) the office building currently used by OCH, (ii) a parking surface and (iii) a purchase option for a plot of land.

Note 14—Equity

14.1 Share capital

Orange Communications SA is fully-owned by Atlas Services Belgium which is fully-owned by France Telecom SA. Orange Communications' share capital amounts to 400,000,000 Swiss francs, comprising 1,150,000 ordinary shares with a par value of 0.01 Swiss francs each and 7,999,770 ordinary shares with a par value of 50 Swiss francs with transfer restriction.

Note 14—Equity (Continued)

14.2 Dividends

No dividend was decided to be distributed during the year ended December 31, 2011.

The Shareholders' Meeting of Orange Communications SA held on October 25, 2010 approved the distribution of a dividend of 300,000,000 Swiss francs (representing 32.79 CHF per share).

Note 15—Financial liabilities

(in thousands of Swiss Francs)	31.Dec.11 Current	31.Dec.11 Non-current	31.Dec.11 Total	31.Dec.10 Current	31.Dec.10 Non-current	31.Dec.10 Total
Payables to suppliers	**430,547**	**—**	**430,547**	**400,514**	**—**	**400,514**
Fixed assets payables	*73,224*	*—*	*73,224*	*54,373*	*—*	*54,373*
Trade payables	*356,342*	*—*	*356,342*	*346,141*	*—*	*346,141*
Others	*981*	*—*	*981*	*—*	*—*	*—*
Financial liabilities at amortized cost	**2,565**	**917,063**	**919,628**	**2,733**	**917,142**	**919,875**
Shareholder's loan	*2,565*	*917,000*	*919,565*	*2,733*	*917,000*	*919,733*
Finance lease	*—*	*47*	*47*	*—*	*142*	*142*
Bank overdraft	*—*	*—*	*—*	*—*	*—*	*—*
Others	*—*	*16*	*16*	*—*	*—*	*—*
Hedging derivatives (liabilities)	**—**	**—**	**—**	**4,095**	**—**	**4,095**
Total financial liabilities	**433,112**	**917,063**	**1,350,175**	**407,342**	**917,142**	**1,324,484**

Non-current shareholder's loan consists of two loans from Atlas Services Belgium (ASB):

- A CHF480 million loan was granted in December 2007 and is to be repaid in fine on December 20, 2017. This loan bears interests at a rate of CHF LIBOR 3M + 120 bp per annum, which are due for payment on a quarterly basis;

- A CHF437 million was granted in October 2008 and is to be repaid in fine on October 2nd, 2018. This loan bears interests at a rate of CHF LIBOR 3M + 220 bp per annum, which are due for payment on a quarterly basis.

Credit lines

At December 31, 2011, the Group has access to credit facilities in the form of a cash pool with France Telecom SA labelled in Swiss Francs as follows:

(in thousands of Swiss Francs)	31.Dec.11 Amount available in foreign currency	31.Dec.11 Amounts drawn down	31.Dec.10 Amount available in foreign currency	31.Dec.10 Amounts drawn down
Bank overdrafts	—	—	5,000	—
Cash pool France Telecom SA	40,000	—	40,000	24,813
Total	**40,000**	**—**	**45,000**	**24,813**

Note 16—Derivative instruments

Cash flow hedge and foreign exchange trading derivatives

On December 31, 2011, the Group did not hold any residual exchange rate forwards.

Note 16—Derivative instruments (Continued)

On December 31, 2010, the situation was as follows:

On December 31, 2010, in order to hedge partially EUR/CHF exchange rate risk exposure on supplier cash payments, the Group held exchange rate forwards.

The spot EUR/CHF had been fixed until December 22, 2011.

The following table shows the details of the exchange rate forwards opened at December 31, 2010:

Contract number	Operation date	Maturity date	EUR leg (Buy) TEUR	CHF leg (Sell) TCHF	FX Spot rate	FX FWD rate	MTM liabilities (TCHF)	Cash Flow Hedge (Equity)
59127	30/11/2010	27/01/2011	5,000	6,485	€1.30	€1.30	(235)	239
59128	30/11/2010	24/02/2011	5,000	6,481	€1.30	€1.30	(233)	239
59129	30/11/2010	24/03/2011	5,000	6,476	€1.30	€1.30	(231)	238
59130	30/11/2010	28/04/2011	5,000	6,470	€1.30	€1.29	(229)	238
59131	30/11/2010	26/05/2011	5,000	6,466	€1.30	€1.29	(229)	238
59132	30/11/2010	23/06/2011	5,000	6,462	€1.30	€1.29	(228)	238
59133	30/11/2010	28/07/2011	5,000	6,457	€1.30	€1.29	(227)	238
59134	30/11/2010	25/08/2011	5,000	6,453	€1.30	€1.29	(226)	238
59135	30/11/2010	29/09/2011	5,000	6,446	€1.30	€1.29	(224)	237
59136	30/11/2010	27/10/2011	5,000	6,441	€1.30	€1.29	(222)	237
59137	30/11/2010	24/11/2011	5,000	6,436	€1.30	€1.29	(221)	237
59138	30/11/2010	22/12/2011	5,000	6,431	€1.30	€1.29	(220)	237
59269	03/12/2010	29/09/2011	8,000	10,431	€1.31	€1.30	(475)	488
59280	03/12/2010	27/10/2011	7,000	9,122	€1.31	€1.30	(415)	427
59281	03/12/2010	24/11/2011	4,000	5,209	€1.31	€1.30	(237)	244
59282	03/12/2010	22/12/2011	3,000	3,904	€1.31	€1.30	(177)	183
TOTAL			82,000	106,170			**(4,029)**	**4,195**

As at December 31, 2010, this represented a liability of 4,029 TCHF and an amount recognized through equity of 4,195 TCHF.

Foreign exchange trading derivatives

On December 31, 2010, in order to hedge Management and Franchising Fees invoiced in EUR, the Group held exchange rate forwards.

The spot EUR/CHF had been fixed until March 21, 2011.

The following table shows the details of the exchange rate forwards opened at December 21, 2010:

Contract number	Operation date	Maturity date	EUR leg (Buy) TEUR	CHF leg (Sell) TCHF	FX Spot rate	FX FWD rate	MTM liabilities (TCHF)
59676	17/12/2010	21/03/2011	2,500	3,189	1.2778	1.2756	(67)
TOTAL			2,500	3,189			**(67)**

As at December 31, 2010, this represented a liability of 67 TCHF.

Note 17—Employee benefits

Liability for defined benefit obligations

The Group's employees are insured for the risks of old age, death and disability by the "Fondation de prévoyance en faveur du personnel de Orange Communications SA".

Note 17—Employee Benefits (Continued)

Under this plan the retirement benefit is determined by the amount in the employee retirement savings account at the time of retirement. If an employee retires at the normal retirement age (64 for women and men), the saving account is converted into a retirement pension at a rate of 6.65 %. If the employee retires before 60 years old his saving account is converted into a retirement pension at a lower rate.

Actuarial valuations of the plan assets and of the defined benefit obligation were carried out at December 31, 2011 and 2010 by an external actuarial expert. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2011	**2010**
Discount rate for obligations	2.50%	3.50%
Expected return on plan assets	4.50%	4.50%
Rate of future salary increases	1.50%	1.50%
Rate of Pension Increases	0.50%	0.50%
Mortality and disability—Swiss official tables	BVG 2010	BVG 2005

The expected rates of return on plan assets of 4.5 % (2010: 4.5%) are determined by reference to relevant indices. The overall expected rate of return is calculated by weighting the individual rates in accordance with anticipated balance in the plan's investment portfolio.

The amount recognized in the balance sheet in respect of the Group's defined benefit retirement plan is as follows:

(in thousands of swiss francs)	**31.Dec.11 Total**	**31.Dec.10 Total**
Present value of funded obligations	(183,453)	(157,470)
Fair value of plan assets	129,079	134,031
Present value of net obligations	(54,374)	(23,439)
Recognised asset (liability) for defined benefit obligations	**(54,374)**	**(23,439)**

Amount recognized in income statement in respect of the defined benefit plan is as follows:

(in thousands of swiss francs)	**31.Dec.11 Total**	**31.Dec.10 Total**
Service cost	13,711	12,559
Interest cost	4,529	4,684
Expected return on plan assets	(5,772)	(6,089)
Effect of curtailments	—	—
Effect of settlements	—	—
Net periodic pension cost	**12,468**	**11,154**

Note 17—Employee Benefits (Continued)

Change in the present value of the defined benefit obligation is as follows:

(in thousands of swiss francs)	31.Dec.11 Total	31.Dec.10 Total
Defined Benefit Obligation (DBO) at the beginning of period	157,470	136,316
Service cost	13,711	12,559
Interest cost	4,529	4,684
Curtailments	—	—
Settlements	—	—
Employee contributions	4,852	4,735
Experience (Gains)/Losses	—	—
Liability (Gains)/Losses due to Assumption Changes	15,802	11,968
Benefits paid	(12,911)	(12,792)
Defined Benefit Obligation (DBO) at the end of Period (A)	**183,453**	**157,470**

The fair value of the plan asset is constituted by the following categories of assets:

(in thousands of swiss francs)	31.Dec.11 Total	31.Dec.10 Total
Equity Securities	45%	39%
Government Bonds	50%	47%
Corporate Bonds	0%	0%
Real Estate / Property	5%	5%
Insurance Contracts	0%	6%
Other	0%	3%
	100%	**100%**

Change in the fair value of plan assets is as follows:

(in thousands of swiss francs)	31.Dec.11 Total	31.Dec.10 Total
Fair value of plan assets at the beginning of period	134,031	133,960
Expected return on plan assets	5,772	6,089
Plan assets actuarial gains (losses)	(15,073)	(8,124)
Employer contributions	12,408	10,163
Employee contributions	4,852	4,735
Other	—	—
Settlements	—	—
Benefits paid	(12,911)	(12,792)
Fair value of plan assets at the end of period (B)	**129,079**	**134,031**

Actual return on plan assets is as follows:

(in thousands of swiss francs)	31.Dec.11 Total	31.Dec.10 Total
Expected return on plan assets	5,772	6,089
Actuarial gains on plan assets	(15,073)	(8,124)
Actual return on plan assets	**(9,301)**	**(2,035)**

Note 17—Employee Benefits (Continued)

The movement in the net liability during the year is as follows:

(in thousands of swiss francs)	31.Dec.11 Total	31.Dec.10 Total
Accrued pension cost at the beginning of period	(23,439)	(2,356)
Net periodic pension cost	(12,468)	(11,154)
Employer contributions	12,408	10,163
Total Amount Recognised in OCI	(30,875)	(20,092)
Prepaid (accrued) pension cost at the end of period	**(54,374)**	**(23,439)**

The history of experience adjustments is as follows:

(in thousands of swiss francs)	31.Dec.11 Total	31.Dec.10 Total	31.Dec.09 Total	31.Dec.08 Total	31.Dec.07 Total
Present value of defined benefit obligation	(183,453)	(157,470)	(136,316)	117,925	109,659
Fair value of plan assets	129,079	134,031	133,960	(101,570)	(120,615)
(Benefit) / Deficit	(54,374)	(23,439)	(2,356)	16,355	(10,956)
Experience adjustments on plan liabilities	—	—	6,021	(10)	(19,449)
Experience adjustments on plan assets	(15,073)	(8,124)	13,700	(27,331)	8,780

Note 18—Provisions

(in thousands of Swiss Francs)	31.Dec.10	Additions	Used	Unused	Discounting	31.Dec.11
Restructuring provisions	1,319	3,438	(2,082)	(565)	—	2,110
Provisions for dismantling and restoring	42,615	38,440	(604)	(44)	1,340	81,746
Other provisions	104	—	(104)	—	—	—
Total	**44,038**	**41,877**	**(2,790)**	**(609)**	**1,340**	**83,855**
o/w non-current provisions	42,986	38,440	(975)	(44)	1,340	*81,746*
o/w current provisions	1,052	3,438	(1,815)	(565)	—	*2,110*

The approach and underlying assumptions used for calculating the provisions for dismantling and restoring sites have been revised during the period, resulting in a significant increase of the provision. The main changes concern a decrease of the discount rate and of the residual useful life.

(in thousands of Swiss Francs)	31.Dec.09	Additions	Used	Unused	Discounting	31.Dec.10
Restructuring provisions	2,154	3,431	(3,542)	(724)	—	1,319
Provisions for dismantling and restoring sites	40,468	3,082	(279)	(1,453)	797	42,616
Other provisions	104	—	—	—	—	104
Total	**42,726**	**6,513**	**(3,821)**	**(2,177)**	**797**	**44,038**
o/w non-current provisions	41,372	3,082	(812)	(1,453)	797	*42,986*
o/w current provisions	1,354	3,431	(3,009)	(724)	—	*1,052*

Note 19—Other current liabilities and deferred income

19.1 Other current liabilities

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
VAT payable	5,478	5,139
Debtors momentarily creditors	5,295	4,915
Deposit payables	3,381	2,726
Other	795	4,189
Total other current liabilities	**14,949**	**16,969**

19.2 Deferred income

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Prepaid telephone cards	26,996	24,069
Other	9,306	1,889
Total	**36,302**	**25,958**

Note 20—Other information on exposure to financial risks and financial instruments

20.1 Financial risks

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The overall strategy remains unchanged from 2008.

The capital structure of the Group consists of debt, which includes the loan payable and the bank overdrafts disclosed in note 15, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

Financial risk management objectives

The Group's Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include credit risk, liquidity risk and market risk (including interest rate risk and currency risk).

Credit Risk management

Financial instruments that could potentially subject the Group to concentrations of credit risk consist primarily of cash, trade receivables and securities, investments and deposits.

The Group considers that it has an extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential, professional and large business customers). In addition, the maximum value of the credit risk on these financial assets is equal to their recognized net book value.

The Group applies the France Telecom Group cash policy. Cash is centralised at Group level through cash pooling.

Liquidity risk management

The liquidity management at the Group level consists in minimizing the available cash on a daily basis.

The cash generated by the Group is used to reimburse the loan towards France Telecom Group. The reimbursement capacity is reviewed annually. An adjustment during the year would be possible in case of necessity.

Note 20—Other information on exposure to financial risks and financial instruments (Continued)

For its short term cash management, the Group has credit facilities of 40'000 TCHF with France Telecom Group.

Interest Rate Risk

The Group manages its net exposure to interest rate risk through the proportion of fixed rate financial debt and variable rate financial debt in its total financial debt portfolio. To manage this mix, the Company may enter into interest rate swap agreements, in which it exchanges periodic payments based on a notional amount and agreed-upon fixed and variable interest rates and into forward contracts, in which it exchanges fixed amounts of foreign currency and fixed amounts of Swiss francs.

Foreign exchange rate risk management

The Group operates mainly in the currency of its country (CHF). The exposure to currency risk is therefore limited.

As much as possible, the Group used foreign currency inflows for its foreign currency outflows. If necessary, the Group buys foreign currency shortly before the transaction. If any material exposure arises, the Group may enter into foreign exchange rate hedging instruments with the assistance of France Telecom Group Treasury department.

The following table shows the exposure of the Group financial positions by currency:

(in thousands of Swiss Francs)	31.Dec.11 Total	EUR	USD	GBP	CHF
Financial assets (A)	**739,808**	**995**	**264**	**16**	**738,533**
Deposits and other items	6,108	—	—	—	6,108
Trade receivables	302,481	676	28	—	301,777
Other receivables	1,719	—	—	—	1,719
Cash and cash equivalents	429,500	319	236	16	428,929
Financial liabilities (B)	**1,350,175**	**57,236**	**343**	**100**	**1,292,496**
Non-current financial liabilities at amortized cost, excluding trade payables	917,063	—	—	—	917,063
Current trade payables	430,547	57,236	343	100	372,868
Current financial liabilities at amortized cost, excluding trade payables	2,565	—	—	—	2,565
Net exposure (A)-(B)	**(610,367)**	**(56,241)**	**(79)**	**(84)**	**(553,963)**

(in thousands of Swiss Francs)	31.Dec.10 Total	EUR	USD	GBP	CHF
Financial assets (A)	**554,768**	**3,964**	**130**	**35**	**550,640**
Deposits and other items	5,782	—	—	—	5,782
Trade receivables	268,459	2,123	—	8	266,329
Other receivables	6,419	—	—	—	6,419
Cash and cash equivalents	274,108	1,841	130	27	272,110
Financial liabilities (B)	**1,320,389**	**12,940**	**48**	**24**	**1,307,377**
Non-current financial liabilities at amortized cost, excluding trade payables	917,142	—	—	—	917,142
Current trade payables	400,514	12,940	48	24	387,502
Current financial liabilities at amortized cost, excluding trade payables	2,733	—	—	—	2,733
Net exposure (A)-(B)	**(765,621)**	**(8,976)**	**82**	**11**	**(756,737)**

Note 20—Other information on exposure to financial risks and financial instruments (Continued)

The following table shows the sensitivity of the Group to a probable 10% change in the foreign exchange rates of the currency to which they are exposed and impact on profit and loss:

31.Dec.11	**Currency purchase during the year**	**+ 10% change**	**- 10% change**
(in thousands of currency)			
EUR	234,080	21,280	(26,009)
USD	10,097	918	(1,122)
GBP	391	36	(43)

31.Dec.10	**Currency purchase during the year**	**+ 10% change**	**- 10% change**
(in thousands of currency)			
EUR	224,860	20,442	(24,984)
USD	10,873	988	(1,208)
GBP	407	37	(45)

20.2 Financial instruments

The market value of financial assets and liabilities measured at fair value in the statement of financial position shown in the table below has been ranked based on the three hierarchy levels defined by IFRS 7:

- Level 1: quoted price in active markets;
- Level 2: inputs observable directly or indirectly;
- Level 3: inputs not based on observable market data.

	December 31, 2011	
(in thousands of swiss francs)	**Book value**	**Estimated fair value**
Loans and receivables	**739,808**	**739,808**
Deposits and other items	6,108	6,108
Trade receivables	302,481	302,481
Other receivables	1,719	1,719
Cash and cash equivalents	429,500	429,500
Assets at fair value through profit or loss, excluding derivatives	**—**	**—**
Financial liabilities at amortized cost	**1,350,175**	**1,350,175**
Financial liabilities at amortized cost	919,628	919,628
Trade payables	430,547	430,547
Financial liabilities at fair value through profit or loss, excluding derivatives	**—**	**—**
Net derivatives	**—**	**—**

	December 31, 2010	
(in thousands of swiss francs)	**Book value**	**Estimated fair value**
Loans and receivables	**554,768**	**554,768**
Deposits and other items	5,782	5,782
Trade receivables	268,459	268,459
Other receivables	6,419	6,419
Cash and cash equivalents	274,108	274,108
Assets at fair value through profit or loss, excluding derivatives	**—**	**—**
Financial liabilities at amortized cost	**1,320,389**	**1,320,389**
Financial liabilities at amortized cost	919,875	919,875
Trade payables	400,514	400,514
Financial liabilities at fair value through profit or loss, excluding derivatives	**—**	**—**
Net derivatives	**4,095**	**4,095**

Note 20—Other information on exposure to financial risks and financial instruments (Continued)

Derivative instruments were the only items measured at fair value and classified as level 2. The company owns no financial instruments classified as level 3.

Gains and losses related to financial assets and liabilities are as follows:

	2011			
(in thousands of swiss francs)	**Net finance costs**	**Other operating expenses and income**	**Revenue**	**Other comprehensive income**
Loans and receivables				
Deposits and other items	152			
Trade receivables		(8,525)	(1,082)	
Other receivables				
Cash and cash equivalents	(896)			
Assets at fair value through profit or loss, excluding derivatives				
Financial liabilities at amortized cost				
Financial liabilities at amortized cost	(16,943)			
Trade payables		14,451		
Other				
Financial liabilities at fair value through profit or loss, excluding derivatives				
Net derivatives	472	(5,913)		4,195

	2010		
(in thousands of swiss francs)	**Net finance costs**	**Other operating expenses and income**	**Other comprehensive income**
Loans and receivables			
Deposits and other items	246		
Trade receivables	(1,277)	(11,235)	
Other receivables	72		
Cash and cash equivalents	(58)		
Assets at fair value through profit or loss, excluding derivatives			
Financial liabilities at amortized cost			
Financial liabilities at amortized cost	(17,397)		
Trade payables	1,120	16,852	
Other			
Financial liabilities at fair value through profit or loss, excluding derivatives			
Net derivatives	505	(9,848)	(3,165)

Note 21—Off-balance sheet commitments and contractual obligations

Management considers that to the best of its knowledge, there were no existing commitments, other than those described in this note, likely to have a material effect on the current or future financial position of the Group.

Details of commitments and contractual obligations reflected in the statements of financial position

The table below provides a schedule of commitments and contractual obligations reflected in the statement of financial position at the end of each reporting period.

21.1 Rental commitments

(in thousands of swiss francs)	31.Dec.11 Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Rental commitments : Property (1)	174,512	49,329	37,366	24,752	18,526	13,603	30,936
Rental commitments : Vehicules	1,899	680	459	401	359	—	—
Rental commitments : Other (2)	44	25	13	6	—	—	—
Total	**176,455**	**50,034**	**37,838**	**25,159**	**18,885**	**13,603**	**30,936**

(1) Commitments related to offices (Zürich and Renens), shops loans and network sites
(2) Commitments related to XEROX printers

(in thousands of swiss francs)	31.Dec.10 Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Rental commitments : Property (1)	189,259	51,189	42,987	27,616	20,787	15,152	31,528
Rental commitments : Vehicules	1,017	712	273	32	—	—	—
Rental commitments : Other (2)	334	290	30	7	6	—	—
Total	**190,610**	**52,192**	**43,290**	**27,655**	**20,793**	**15,152**	**31,528**

(1) Commitments related to offices (Zürich and Renens), shops loans and network sites
(2) Commitments related to XEROX printers

21.2 Investments and goods and services purchase commitments

(in thousands of Swiss Francs)	31.Dec.11 Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets (1)	46,370	46,370	—	—
Purchase of transmission capacity	3,132	3,132	—	—
Purchase of handsets (1)	36,767	36,767	—	—
Other commitments related to the purchase of goods and services	48,574	48,574	—	—
Total	**134,843**	**134,843**	**—**	**—**

(1) Commitments related to open purchase orders on Network fixed assets and handsets

Note 21—Off-balance sheet commitments and contractual obligations (Continued)

(in thousands of Swiss Francs)	31.Dec.10 Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets (1)	18,294	18,294	—	—
Other tangible investments commitments (1)	2,266	2,266	—	—
Intangible investments commitments (1)	218	218	—	—
Purchase of transmission capacity	5,139	4,744	395	—
Purchase of handsets (1)	68,297	68,297	—	—
Other commitments related to the purchase of goods and services	61,526	61,526	—	—
Total	**155,740**	**155,345**	**395**	**—**

Note 22—Litigation

In 2002 the Competition Commission (WEKO) opened an investigation against the Group in order to determine whether the Group is in a dominant position and is abusing such dominant position by charging excessive termination fees on the Swiss mobile termination market.

In February 2007, the WEKO imposed a fine on Swisscom Mobile of 333 million Swiss francs for abuse of a dominant position in the call termination market during the period prior to June 1, 2005, at which date Swisscom Mobile significantly reduced its call termination charges. The WEKO also decided to close the investigation against the Group for the period ending May 31, 2005 without further consequences for the Group. At the same time WEKO announced to continue its investigations for the period subsequent to May 31, 2005 (the date Swisscom substantially lowered its termination rates).

On December 20, 2007 the WEKO restarted to investigate the case and requested that the Group provides information on termination fees charged in the past, the market situation and cost factors.

In May 2009, the Swiss telecom regulator (ComCom) issued a report concluding that the call termination charges of the Swiss mobile operators are higher than those of comparable operators in other countries. On February 24, 2010 the Federal Administrative Court set aside the fine imposed on Swisscom, after having determined that the other operators always had the possibility to complain to ComCom. The WEKO lodged an appeal to the Federal Administrative Court against that decision and suspended its investigation.

On April 11, 2011, the Federal Court has rejected the WEKO's appeal and has in particular contested the abuse of a dominant position of the major telecom operators in Switzerland, including the Group. The Federal Court finally revoked the fine of MCHF 333 to Swisscom.

The complete investigation (periods I and II) on mobile termination rates has been closed in a WEKO decision dated December 20, 2011 without any consequence for the involved parties.

The risk related to the closed WEKO investigation does no longer exist with the decision becoming legally binding.

Note 23—Related-party transactions

Directors and Executive Officers

The total remuneration of directors and executive officers is as follows:

(in thousands of Swiss francs)	31.Dec.11	31.Dec.10
Board of Directors	—	—
Executive Officers	5,952	5,893
TOTAL	**5,952**	**5,893**

Note 23—Related-party transactions (Continued)

Remuneration consists of:

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Short-term benefits	5,952	5,893
TOTAL	**5,952**	**5,893**

Related enterprises

The following related party transactions have been recorded (shareholders and Group Companies):

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Shareholder (1) balances		
Interest on loans	(16,692)	(17,152)
Corporate and brand fees	(10,774)	(12,247)
Roaming expenses and other	(17,891)	(16,827)
Roaming income and other	21,943	31,342
TOTAL	**(23,414)**	**(14,884)**
Affiliates balances		
Corporate and brand fees	(18,481)	(18,813)
Roaming expenses and other	(11,383)	(12,945)
Roaming income and other	17,596	27,952
TOTAL	**(12,268)**	**(3,806)**

(1) Include Atlas Service Belgium and France Telecom SA

Related party transactions are conducted at arm's length.

The following related party balances were outstanding at the end of the reporting period:

(in thousands of Swiss Francs)	31.Dec.11	31.Dec.10
Shareholder (1) balances		
Trade receivables	27,298	23,576
Cash and cash equivalents	407,951	267,567
Loan Payables	(917,000)	(917,000)
Trade payables	(67,571)	(62,419)
Loan Interests	(2,565)	(2,733)
Affiliates balances		
Trade receivables	12,171	16,221
Trade payables	(14,973)	(16,834)

(1) Include Atlas Services Belgium and France Telecom SA

As at December 31, 2011 there were no recognized losses on related party receivables (December 31, 2010, nil).

Note 24—Subsequent events

On January 9, 2012, the board of Directors of France Telecom approved the sale agreement with Apax Partners to sell 100% of Orange Switzerland. The transaction has to be approved by the Swiss competent authorities. At the completion of the transaction, the Company will, consequently, have a new shareholder and a changed financing structure.

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Matterhorn Financing & Cy S.C.A.

Up to €396,250,000 9.00%/9.75% Senior PIK Toggle Notes due 2019

OFFERING MEMORANDUM

May 14, 2013

Matterhorn Financing Cy & S.C.A. Up to €396,250,000 9.00%/9.75% Senior PIK Toggle Notes Due 2019