OFFERING MEMORANDUM **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

Picard Groupe S.A.S.

€480,000,000 Floating Rate Senior Secured Notes due 2019

Picard Groupe S.A.S. (the "Issuer") is offering (the "Offering") €480 million aggregate principal amount of Floating Rate Senior Secured Notes due 2019 (the "Senior Secured Notes"). The Issuer will pay interest on the Senior Secured Notes quarterly on each August 1, November 1, February 1 and May 1, commencing November 1, 2013. The Senior Secured Notes will mature on August 1, 2019.

The Issuer may redeem some or all of the Senior Secured Notes on or after August 1, 2014, at the redemption prices set forth in this offering memorandum. Prior to August 1, 2014, the Issuer may redeem, at its option, some or all of the Senior Secured Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable "make whole" premium, as described in this offering memorandum. Additionally, the Issuer may redeem all, but not less than all, of the Senior Secured Notes upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all the Senior Secured Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

The Senior Secured Notes are the Issuer's senior obligations and are guaranteed on a senior basis by Lion/Polaris Lux 3 S.A., Lion/Polaris Lux 4 S.A., Lion Polaris II S.A.S. and Picard Surgelés S.A.S. and on a subordinated basis by Picard Bondco S.A. (together, the "Guarantors"). The guarantees (the "Guarantees") of the Guarantors will be subject to certain limitations. See ''*Risk Factors—Risks Related to Our Indebtedness and the Senior Secured Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Senior Secured Notes*". The Senior Secured Notes are secured on a first-ranking basis (or, in the case of certain security interests governed by French law, on a second-ranking basis (which under the Intercreditor Agreement (as defined herein) will be deemed to be secured on a first-ranking basis) and on a *pari passu* basis with the Revolving Credit Facility (as defined herein) by pledges over certain bank accounts, ordinary shares, preferred equity certificates and intercompany loans of Picard Bondco S.A. and certain of its subsidiaries.

Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars. Application has been made to the Irish Stock Exchange for the Senior Secured Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. There can be no assurance that any such application will be successful or that any such listing will be granted or maintained. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

***Investing in the Senior Secured Notes involves a high degree of risk. Please see "Risk Factors" beginning on page* 16.**

Price: 100% plus accrued interest, if any, from August 1, 2013.

The Senior Secured Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the laws of any other jurisdiction and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the Offering is being made only to "qualified institutional buyers" ("QIBs"), as defined in Rule 144A under the U.S. Securities Act ("Rule 144A"), in compliance with Rule 144A. You are hereby notified that the initial purchasers of the Senior Secured Notes may be relying on the exemption from certain provisions of the U.S. Securities Act provided by Rule 144A. Outside the United States, the Offering is being made in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). Please see "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

The Senior Secured Notes were issued in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Senior Secured Notes were represented on issue by one or more global notes, which were delivered through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") on August 1, 2013.

Sole Global Coordinator and Physical Bookrunner

Credit Suisse

Joint Bookrunners

BNP PARIBAS	**Crédit Agricole CIB**	**Goldman Sachs International**	**Morgan Stanley**	**Natixis**	**Société Générale Corporate & Investment Banking**

The date of this offering memorandum is October 3, 2013.

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You should rely only on the information contained in this offering memorandum. Neither the Issuer, the Guarantors nor any of the initial purchasers has authorized anyone to provide you with information that is different from the information contained herein. If given, any such information should not be relied upon. Neither the Issuer, the Guarantors nor any of the initial purchasers is making an offer of the Senior Secured Notes in any jurisdiction where the Offering is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

IMPORTANT INFORMATION

The Issuer is offering the Senior Secured Notes, and the Guarantors will issue the Guarantees, in reliance on exemptions from the registration requirements of the U.S. Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Senior Secured Notes and the Guarantees have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC") or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offence in the United States.

This offering memorandum is confidential and has been prepared by us solely for use in connection with the Offering. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Senior Secured Notes. Distribution of this offering memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to the purchase of Senior Secured Notes is unauthorized, and any disclosure of any of the contents of this offering memorandum, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

In making an investment decision regarding the Senior Secured Notes, prospective investors must rely on their own examination of our business and the terms of the Offering, including the merits and risks involved. In addition, neither the Issuer nor the initial purchasers nor any of their representatives are making any representation to you regarding the legality of an investment in the Senior Secured Notes, and you should not construe anything in this offering memorandum as legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of an investment in the Senior Secured Notes. You must comply with all laws applicable in any jurisdiction, in which you buy, offer or sell the Senior Secured Notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals; neither we nor the initial purchasers shall have any responsibility for any of the foregoing legal requirements.

The initial purchasers make no representation or warranty, express or implied, as to 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 future.

The Issuer accepts responsibility for the information contained in this offering memorandum. Having taken all reasonable care to ensure that such is the case, to the best of the knowledge and belief of the Issuer, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set out under the headings "*Exchange Rates*", "*Summary*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry*" and "*Business*" includes extracts from information and data, including industry and market data, released by Bloomberg, Nielsen Retailers Panel, Kantar Consumers Panel, Syndigel, OC&C and the Bank of France (Eurosystems). 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. In addition, this offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. However, as far as the Issuer is aware, no information or data has been omitted which would render reproduced information inaccurate or misleading.

By receiving this offering memorandum, you acknowledge that you have had an opportunity to request from us for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. You also acknowledge that you have not relied on the initial purchasers in connection with your investigation of the accuracy of this information or your decision whether to invest in the Senior Secured Notes.

We reserve the right to withdraw the Offering at any time, and we and the initial purchasers reserve the right to reject all or a part of any offer to purchase the Senior Secured Notes, for any reason. We and the initial purchasers also reserve the right to sell less than all of the Senior Secured Notes offered by this offering memorandum or to sell to any purchaser less than the amount of Senior Secured Notes it has offered to purchase.

The distribution of this offering memorandum and the offering and sale of the Senior Secured Notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum or any of the Senior

Secured Notes come must inform themselves about, and observe any restrictions on, the transfer and exchange of the Senior Secured Notes. See “*Transfer Restrictions*” and “*Plan of Distribution*”.

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Senior Secured Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Senior Secured Notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any Senior Secured Notes. The Issuer and the initial purchasers are not responsible for your compliance with these legal requirements.

The Senior Secured Notes are subject to restrictions on resale and transfer as described under “*Transfer Restrictions*” and “*Plan of Distribution*”. By purchasing any Senior Secured Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this offering memorandum. You may be required to bear the financial risks of investing in the Senior Secured Notes for an indefinite period of time.

The Senior Secured Notes are currently available in book-entry form only. The Senior Secured Notes sold pursuant to the offering memorandum dated July 25, 2013 were issued in the form of global notes in registered form without interest coupons attached, which have been deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the common depositary. Beneficial interests in the global notes will be shown on, and transfers of the global notes will be effected only through, records maintained by Euroclear, Clearstream, Luxembourg, and their respective participants. After the initial issuance of the global notes, Senior Secured Notes in certificated form will be issued in exchange for the global notes only as set forth in the Indenture. See “*Book-Entry; Delivery and Form*”.

The information set out in relation to sections of this offering memorandum describing clearing arrangements, including the section entitled *“Book-Entry; Delivery and Form”*, is subject to any changes in, or reinterpretation of, the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream, Luxembourg, we accept no further responsibility in respect of such information.

STABILIZATION

IN CONNECTION WITH THE OFFERING, CREDIT SUISSE SECURITIES (EUROPE) LIMITED (OR PERSONS ACTING ON BEHALF OF CREDIT SUISSE SECURITIES (EUROPE) LIMITED) (THE “STABILIZING MANAGER”) MAY OVER-ALLOT THE SENIOR SECURED NOTES (PROVIDED THAT THE AGGREGATE PRINCIPAL AMOUNT OF SENIOR SECURED NOTES ALLOTTED DOES NOT EXCEED 105% OF THE AGGREGATE PRINCIPAL AMOUNT OF THE SENIOR SECURED NOTES THAT ARE THE SUBJECT OF THE OFFERING) OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SENIOR SECURED NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. NOTWITHSTANDING, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFERING IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN 30 DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE OFFERING, OR NO LATER THAN 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SENIOR SECURED NOTES, WHICHEVER IS THE EARLIER.

NOTICE TO INVESTORS

NOTICE TO U.S. INVESTORS

Each purchaser of Senior Secured Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this offering memorandum under “*Transfer Restrictions*”.

The Senior Secured Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder. For a description of certain further restrictions on resale or transfer of the Senior Secured Notes, see “*Transfer Restrictions*”.

THE SENIOR SECURED NOTES MAY NOT BE OFFERED TO THE PUBLIC WITHIN ANY JURISDICTION. BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, YOU AGREE NOT TO OFFER, SELL, RESELL, TRANSFER OR DELIVER, DIRECTLY OR INDIRECTLY, ANY SENIOR SECURED NOTE TO THE PUBLIC.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

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 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 HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSONS, 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 INVESTORS IN FRANCE

The Senior Secured Notes have not been and will not be offered or sold to the public in the Republic of France, and no offering or marketing materials relating to the Senior Secured Notes must be made available or distributed in any way that would constitute, directly or indirectly, an offer to the public in the Republic of France.

The Senior Secured Notes may only be offered or sold in the Republic of France pursuant to article L. 411-2-II of the French *Code monétaire et financier* to (i) providers of third-party portfolio management investment services *(personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers)* and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in and in accordance with articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier,* except that qualified investors shall not include individuals.

Prospective investors are informed that:

(i) this offering memorandum has not been submitted for clearance to the French financial market authority (*Autorité des marchés financiers*);

(ii) entities referred to in article L. 411-2-II-2 of the *French Code monétaire et financier* may only participate in the Offering for their own account, as provided under articles D. 411-1 of the *French Code monétaire et financier*; and

(iii) the direct and indirect distribution or sale to the public of the Senior Secured Notes acquired by them may only be made in compliance with articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the *French Code monétaire et financier*.

NOTICE TO INVESTORS IN THE GRAND DUCHY OF LUXEMBOURG

The terms and conditions relating to this offering memorandum have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority *(Commission de Surveillance du Secteur Financier)* for purposes of public offering or sale in the Grand Duchy of Luxembourg ("*Luxembourg*"). Accordingly, the Senior Secured Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this offering memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg, except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

The issue and distribution of this offering memorandum is restricted by law. This offering memorandum is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000

("FSMA") by, a person authorized under FSMA. This offering memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) in connection with the issue or sale of any Senior Secured Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and 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. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or part to any other person without the prior written consent of the Issuer. The Senior Secured Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of FSMA.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of the Senior Secured Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), from the requirement to produce a prospectus for offers of the Senior Secured Notes. In relation to each Member State of the European Economic Area ("*EEA*") which has implemented the Prospectus Directive (each, a "*Relevant Member State*"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State no offer of Senior Secured Notes to the public in that Relevant Member State may be made other than:

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

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive (as defined below), 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or

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

provided that no such offer of Senior Secured Notes shall require us or any initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive. Accordingly, any person making or intending to make any offer within the EEA of the Senior Secured Notes should only do so in circumstances in which no obligation arises for us or the initial purchasers to produce a prospectus for such offer. Neither we nor the initial purchasers have authorized, nor do authorize, the making of any offer of Senior Secured Notes through any financial intermediary, other than offers made by the initial purchasers, which constitute the final placement of the Senior Secured Notes contemplated in this offering memorandum.

For the purposes of this section, the expression an "offer of Senior Secured Notes to the public" in relation to any Senior Secured Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Secured Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Secured 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, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "*2010 PD Amending Directive*" means Directive 2010/73/EU.

AVAILABLE INFORMATION

For so long as any of the Senior Secured Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and the Issuer is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, it will furnish to any holder or beneficial owner of Senior Secured Notes, or to any prospective purchaser designated by any such registered holder, upon the written request of any such person, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture and so long as the Senior Secured Notes are outstanding, we will furnish periodic information to the holders of the Senior Secured Notes. See "*Description of the Senior Secured Notes—Reports*". The Issuer will also make available all reports required by the covenant described under "*Description of the Senior Secured Notes—Reports*" (i) on the Issuer's website and (ii) if and so long as the Senior Secured Notes are listed on the Global Exchange Market and the rules of the Irish Stock Exchange so require, at the specified office of the Principal Paying Agent in London.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements, including statements about our markets and our strategy, future operations, industry forecasts, expected investments and target levels of leverage and indebtedness. Forward-looking statements provide our current expectations, intentions or forecasts of future events. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as "anticipate", "believe", "continue", "ongoing", "estimate", "expect", "intend", "may", "plan", "potential", "predict", "project", "target", "seek" or similar words or phrases, or the negatives of those words or phrases, may identify forward- looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause future results to differ materially from those expected or implied by the forward-looking statements. Our future results could differ materially from those anticipated in our forward-looking statements for many reasons, including the factors described in the section entitled "*Risk Factors*" in this offering memorandum. For example, factors that could cause our future results to vary from projected future results include, but are not limited to:

- our strategy, outlook and growth prospects;
- fluctuations in the price and availability of food ingredients and packaging material;
- our exposure to product liability claims;
- our dependence on third-party suppliers;
- the efficiency of our supply chain and information technology system;
- the competitive environment in which we operate;
- our dependence on key executives and highly qualified managers;
- the impact of regulations on us and our operations;
- the fact that interests of our principal shareholder may be inconsistent with interests of holders of Senior Secured Notes;
- our significant leverage, which may make it difficult to operate our businesses;
- the covenants contained in the Indenture, the Senior Notes Indenture, the PIK Notes Indenture and our Revolving Credit Facility Agreement, which limit our operating and financial flexibility; and
- other factors discussed under "*Risk Factors*".

Accordingly, prospective investors should not rely on these forward-looking statements, which speak only as of the date of this offering memorandum or as otherwise indicated. We do not have any obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of such forward-looking statement or to reflect the occurrence of unanticipated events.

In addition, from time to time we and our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing. These forward-looking statements may be included in, but are not limited to, press releases (including on our website), reports to our noteholders and other communications. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

The risks described in the "*Risk Factors*" section of this offering memorandum are not exhaustive. Other sections of this offering memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any factor, or combination of factors, may cause future results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not place undue reliance on forward-looking statements as a prediction of future results.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION AND CERTAIN DEFINITIONS

Presentation of Financial Information

Financial statements presented

This offering memorandum contains the audited consolidated financial statements of Picard Bondco, the reporting entity for the Picard Group, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS-EU" or "IFRS"), as of and for the period from August 9, 2010 to March 31, 2011 and for the years ended March 31, 2012 and 2013 (the "Consolidated Financial Statements").

The consolidated financial statements of Picard Bondco for the period ended March 31, 2011 are not comparable with the consolidated financial statements of Picard Bondco as of and for the years ended March 31, 2012 and 2013, because the period ended March 31, 2011 represents only the activity of Picard Groupe S.A. for the period from October 12, 2010 (the date on which Picard Groupe S.A. was acquired by Lion Capital) to March 31, 2011.

Under IFRS-EU, consolidation of related entities is based on the level of control Picard exercises over a particular company. The companies in which Picard exercises considerable influence, without exercising sole control, are accounted for under the equity method. We account for Primex under the equity method. However, Primex does not prepare interim financial statements. As a result, the financial information for Primex included in Picard's consolidated financial statements must be estimated for all interim periods, including the period from October 12, 2010 to March 31, 2011.

Rounding Adjustments

Rounding adjustments have been made in calculating some of the financial and other information included in this offering memorandum. As a result, figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

Other Financial Measures

The following are the primary EBITDA-based financial measures that are presented in this offering memorandum; they are derived from income statement account items calculated in accordance with IFRS-EU and are used by management as indicators of operating performance:

EBITDA, which is a non-IFRS measure that represents operating profit before depreciation, amortization, and provisions allowances. EBITDA differs from the definition of "Consolidated EBITDA" under the Existing Indentures and will differ from the definition of "EBITDA" and "Consolidated EBITDA" under the Revolving Credit Facility Agreement and the Indenture, respectively, which notably exclude certain exceptional and non-recurring items that are reflected in EBITDA.

EBITDA to cash-flow conversion, which is a non-IFRS measure that represents net cash provided by operating activities before interest expense and corporate income tax plus net cash used in investing activities divided by EBITDA.

EBITDA margin, which is a non-IFRS measure that represents EBITDA divided by sales.

We also present like-for-like sales growth, which represents the change in sales from our stores in France and Italy that have been open for more than 12 months. For the purpose of like-for-like calculations, a store will be included (i) on the first day of the twelfth month following its opening date if it was opened between the first and the fifteenth day of any given month and (ii) on the first day of the thirteenth month following its opening date in all other cases. Like-for-like sales growth is presented because we believe it is frequently used by investors and other interested parties in evaluating companies in the retail sector. However, other companies may define like-for-like sales growth in a different manner than we do.

Additionally, we present net debt and pro forma net debt, which respectively represent total debt minus cash and cash equivalents and total debt minus cash and cash equivalents after giving effect to the Refinancing, as well as the €10.6 million amortization of the term loan A facility in April 2013, but excluding the €12.3 million payment of the interest on our Existing Senior Facilities due on April 15, 2013 and July 15, 2013, as well as estimated accrued interest on our Existing Senior Facilities due on the Issue Date.

Like-for-like sales growth, along with EBITDA, EBITDA to cash-flow conversion, EBITDA margin, net debt and pro forma net debt as presented in this offering memorandum are not measurements of financial performance under IFRS-EU and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS-EU. For a reconciliation of EBITDA to operating profit under IFRS-EU, see "*Summary Historical Financial Information and Other Data*".

These other financial measures contained in this offering memorandum are unaudited and have not been prepared in accordance with SEC requirements, IFRS-EU or the accounting standards of any other jurisdiction. The financial information included in this offering memorandum is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC.

In making an investment decision, investors should rely upon their own examination of the terms of the Offering and the financial information contained in this offering memorandum.

Definitions

- "AcquiCo" are to Lion Polaris S.A.S., which merged with Picard Groupe S.A. on June 20, 2011 and was renamed "Picard Groupe S.A.S." on the same date;
- "AcquiCo Proceeds Loan" are to the intercompany loan made by LuxCo 4 to AcquiCo (now, the "Issuer") on the Completion Date in a principal amount equal to the aggregate principal amount of the Senior Notes (received by LuxCo 4 under the LuxCo 4 Proceeds Loan);
- the "Acquisition" are to the acquisition, directly or indirectly, of all the issued and outstanding capital stock of Picard Groupe S.A. (which later merged into AcquiCo) and certain bonds and warrants issued by Picard Groupe S.A., holding all the issued and outstanding capital stock of its subsidiaries, Picard I Surgelati, Picard International (formerly OBO 6), and Picard Surgelés, holding 37.2% of the issued and outstanding capital stock of Primex International S.A.;
- "average basket" are to the average euro value per transaction;
- "CICE" are to the Competitiveness and employment tax credit (*crédit d'impôt pour la compétitivité et l'emploi*) pursuant to Article 244 quater C of the French Tax Code;
- the "Collateral" are to the rights, property and assets securing the Senior Secured Notes and/or the Guarantees as further described in "*Description of the Senior Secured Notes—Security*"; the Collateral also secures the Revolving Credit Facility Agreement and/or the Guarantees thereof on a *pari passu* basis;
- "Completion Date" are to October 14, 2010, the date on which the Acquisition was completed;
- "CRM" are to a Customer Relationship Management program that we are experimenting with to gather additional information about our customers, including their shopping habits, tastes and preferences;
- "EU" are to the European Union;
- "euro", "euros", "€" or "EUR" are to the single currency of the 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;
- "Existing Indentures" are to the Senior Notes Indenture and the PIK Notes Indenture;
- "Existing Senior Facilities" are to the term and revolving credit facilities available pursuant to a senior term and revolving facilities agreement (the "Existing Senior Facilities Agreement"), entered into on September 14, 2010, among, *inter alios*, the Issuer, certain subsidiaries of the Issuer and certain lenders, as amended from time to time, which were prepaid with the proceeds of the Offering and terminated on the Issue Date;
- "French TopCo" are to Lion Polaris II S.A.S., a *société par actions simplifiée* formed under the laws of France on July 30, 2010, and registered with the *registre du commerce et des sociétés de Melun* under the number 524 290 178 RCS Melun. The registered office of Lion Polaris II S.A.S. is located at 37 bis, rue Royale—77300 Fontainebleau;
- "French TopCo Equity Proceeds Loan" are to an intercompany loan made by LuxCo 4 to French TopCo on the Completion Date in a principal amount equal to the amount contributed by LuxCo 3 to LuxCo 4 in exchange for the LuxCo 4 PECs;
- "Guarantees" are to the guarantees of the Senior Secured Notes to be provided by the Guarantors pursuant to the Indenture;
- "Guarantors" are to LuxCo 3, LuxCo 4, French TopCo, Picard Surgelés and Picard Bondco;
- "Home Service" are to our home delivery service which allows customers to order our products by telephone or over the internet;

- “Indenture” are to the indenture governing the Senior Secured Notes;
- “Intercreditor Agreement” are to the intercreditor agreement dated as of October 6, 2010 and as amended and restated on the Issue Date among, *inter alios*, the Issuer, the other Intra-Group Lenders, the subsidiaries of Picard Bondco party thereto from time to time, the lenders under the Revolving Credit Facility Agreement, the Trustee, the Security Trustee and the Security Agent under the Senior Notes Indenture, as subsequently amended, supplemented, novated, extended or replaced from time to time;
- “Intra-Group Lender” are to the Issuer, LuxCo 3, LuxCo 4 and French TopCo and any person which becomes a party to the Intercreditor Agreement as an intra-group lender;
- “Issue Date” are to August 1, 2013;
- “Issuer” are to Picard Groupe S.A.S., a *société par actions simplifiée* incorporated under the laws of France and registered with *registre du commerce et des sociétés de Melun* under number 523 999 878 RCS Melun; the registered office of Picard Groupe S.A.S. is located at 37 B rue Royale, 77300 Fontainebleau;
- “Lion Capital” are to Lion Capital LLP or funds advised and managed by Lion Capital LLP;
- “LuxCo 1” are to Lion/Polaris Lux 1 S.à r.l., a *société à responsabilité limitée* incorporated under the laws of Luxembourg having its registered office at 13-15, avenue de la Liberté, L-1931 Luxembourg, having a corporate capital of €2,651,727 and registered with the Luxembourg Register of Commerce and Companies under number B-154-183;
- “LuxCo 3” are to Lion/Polaris Lux 3 S.A., a *société anonyme* incorporated under the laws of Luxembourg having its registered office at 13-15, avenue de la Liberté, L-1931 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B-154-902;
- “LuxCo 3 PECs” are to the preferred equity certificates of LuxCo 3 subscribed for by Picard Bondco on the Completion Date for an amount equal to €386.0 million;
- “LuxCo 3 Proceeds Loan” are to an intercompany loan made by Picard Bondco to LuxCo 3 on the Completion Date in a principal amount equal to the aggregate principal amount of the Senior Notes;
- “LuxCo 4” are to Lion/Polaris Lux 4 S.A., a *société anonyme* incorporated under the laws of Luxembourg having its registered office at 73, Côte d’Eich, L-1450 Luxembourg. and registered with the Luxembourg Register of Commerce and Companies under number B-154-903;
- “LuxCo 4 PECs” are to the preferred equity certificates of LuxCo 4 subscribed for by LuxCo 3 for an amount equal to the amount contributed by Picard Bondco to LuxCo 3 in exchange for the LuxCo 3 PECs;
- “LuxCo 4 Proceeds Loan” are to the intercompany loan made by LuxCo 3 to LuxCo 4 on the Completion Date in a principal amount equal to the aggregate principal amount of the Senior Notes (received by LuxCo 3 under the LuxCo 3 Proceeds Loan);
- “Lux TopCo” are to Lion/Polaris Lux Topco S.à r.l.;
- “PG Intra-Group Loan” means the intra-group loan for an amount of €20 million granted from the Issuer to Picard Surgelés on or about the Issue Date;
- “Picard” and “Picard Group” are to Picard Bondco and its subsidiaries;
- “Picard Bondco” are to Picard Bondco S.A., a *société anonyme* incorporated under the laws of Luxembourg having its registered office at 73, Côte d’Eich, L-1450 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 154 899;
- “Picard PIKco” are to Picard PIKco, a *société anonyme* incorporated under the laws of Luxembourg having its registered office at 13-15, avenue de la Liberté, L-1931 Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 156 504;
- “Picard Surgelés” are to Picard Surgelés S.A.S., a *société par actions simplifiée* incorporated under the laws of France (formerly known as Picard Surgelés S.A.);
- “Picard Surgelati” are to Picard I Surgelati S.p.A., an Italian company having its registered office at via per origgio 393—21042 Caronno Pertusella (VA) and registered under number 01275750121;
- “PIK Notes” are to the €95 million original principal amount of 12% payment-in-kind notes due 2019 issued by Picard PIKco on November 30, 2010, March 4, 2011, March 8, 2011 and March 25, 2011 and the additional payment-in-kind notes issued from time to time under the PIK Notes Indenture;

- "PIK Notes Indenture" are to the indenture governing the terms of the PIK Notes, as amended from time to time, among Picard PIKco S.A. and the trustee for the holders of the PIK Notes dated as of November 30, 2010;
- "Primex" are to Primex International S.A., a *société anonyme* incorporated under the laws of France and registered with the *registre du commerce et des sociétés de Paris* under number 328 667 944;
- "Refinancing" are to the Offering, the entry into the Revolving Credit Facility Agreement on or prior to the Issue Date and the prepayment of the Existing Senior Facilities;
- "Restricted Subsidiaries" have the meaning given to such term in the "*Description of the Senior Secured Notes*";
- "Revolving Credit Facility" are to the €30 million multi-currency revolving credit facility available pursuant to a senior revolving credit facility agreement (the "Revolving Credit Facility Agreement"), entered into on the Issue Date, as subsequently amended, supplemented, varied, novated, extended or replaced from time to time, among, *inter alios*, the Issuer, certain subsidiaries of the Issuer and certain lenders;
- "Security Agent" are to BNP Paribas, as security agent under the Security Documents and the Intercreditor Agreement, or any successor or replacement security agent acting in such capacity;
- "Security Documents" are to the agreements creating security interests over the Collateral as described under "*Description of the Senior Secured Notes—Security—Security Documents*";
- "Senior Notes" are to the €300 million aggregate principal amount of 9% Senior Notes issued by Picard Bondco on October 6, 2010;
- "Senior Notes Indenture" are to the indenture governing the terms of the Senior Notes among Picard Bondco, the guarantors of the Senior Notes and the trustee for the holders of the Senior Notes, dated as of October 6, 2010;
- "Senior Notes Issuer" are to Picard Bondco;
- "SKUs" are to stock keeping units;
- "SMIC" are to the French statutory minimum wage (*salaire minimum interprofessionnel de croissance*);
- "total tickets" are to the number of transactions that take place in a given period;
- "Trustee" are to Citibank, N.A., London Branch;
- "United States" or "U.S." are to the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
- "U.S. dollars", "dollars", "U.S.$" or "$" are to the lawful currency of the United States; and
- "we", the "group", "Picard Group", "our" or "us" are to Picard Bondco and its subsidiaries unless the context suggests otherwise.

Historical and Current Market and Industry Data

Historical and current market data used throughout this offering memorandum were obtained from internal Picard analyses and industry surveys and publications such as those prepared by Kantar Consumer Panel, Nielsen Retailers Panel and OC&C. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of the information contained in industry publications is not guaranteed. We have not independently verified this market data. This information has been accurately reproduced and, as far as we are aware and have been able to ascertain from information published by those sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. While we are not aware of any misstatements regarding any industry or similar data presented herein, our estimates, in particular as they relate to market share and our general expectations, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the "*Risk Factors*" section in this offering memorandum.

Internal estimates with respect to our industry, while believed by us to be reliable, have not been verified by any independent sources, and neither we nor any of the initial purchasers make any representation as to the accuracy of such information.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate (New York) expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a ''best market'' calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. Neither the Issuer nor the initial purchasers represent that the U.S. dollar amounts referred to below could be or could have been converted into euro at any particular rate indicated or any other rate. These rates may differ from the actual rates used in the preparation of other financial information appearing in this offering memorandum.

	U.S. dollars per €1.00			
	High	**Low**	**Average[(1)]**	**Period End**
Year ended December 31,				
2008	1.5992	1.2454	1.4710	1.3973
2009	1.5134	1.2531	1.3953	1.4326
2010	1.4513	1.1923	1.3210	1.3387
2011	1.4830	1.2907	1.3982	1.2959
2012	1.3458	1.2061	1.2909	1.3192

	High	Low	Average[(2)]	Period End
Month				
December 2012	1.3244	1.2928	1.3127	1.3192
January 2013	1.3577	1.3049	1.3302	1.3577
February 2013	1.3641	1.3056	1.3339	1.3056
March 2013	1.3107	1.2780	1.2957	1.2820
April 2013	1.3177	1.2820	1.3025	1.3168
May 2013	1.3180	1.2839	1.2978	1.2998
June 2013	1.3392	1.3010	1.3200	1.3010
July 2013	1.3302	1.2782	1.3095	1.3302
August 2013	1.3417	1.3207	1.3319	1.3222
September 2013 (through September 26, 2013)	1.3530	1.3120	1.3344	1.3488

(1) The average of the closing Bloomberg Composite Rate on the last business day of each month during the relevant period.
(2) The average of the closing Bloomberg Composite Rate on each business day during the relevant period.

The Bloomberg Composite Rate of the euro on September 26, 2013, was U.S. $1.3488 per €1.00.

Fluctuations in the exchange rate between the euro and the U.S. dollar in the past are not necessarily indicative of fluctuations that may occur in the future.

SUMMARY

This summary highlights information from this offering memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Senior Secured Notes. You should read this offering memorandum carefully in its entirety, including the sections entitled "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Industry*" and "*Business*", as well as the consolidated financial statements, including the notes to those consolidated financial statements, included herein.

Our Company

We are the leading retailer of frozen food products in France based on our total sales figures, according to information obtained from our internal analyses and accounting records, industry surveys and publications (namely those prepared by Nielsen Retailers Panel and Syndigel) and are a pioneer in the sector. In 2012, we had an approximately 18.9% market share (including ice cream products) of the approximately €7.1 billion French frozen food market. We offer our customers over 1,100 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of ready-made starters, main courses, desserts and ice cream at various price points. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food.

We sell under our own Picard brands (97.3% of our sales), as well as a few national and international brands, such as Häagen-Dazs, Charal, Bonne Maman and Ben & Jerry's. Our Picard products are sold exclusively through our network of approximately 900 company-operated stores in mainland France (and two franchised stores in Corsica and six franchised stores in La Réunion) as well as through Home Service, which mainly operates in major French cities. We have successfully expanded this network over the years, and we opened an average of 36 new stores per year from 1994 to 2005 and an average of 39 new stores per year over the last seven years. As of March 31, 2013, we operated 898 stores in mainland France (along with two additional franchised stores in Corsica and six in La Réunion), 43 stores in Italy, four stores in Belgium and two stores in Sweden. Most of our stores are located in or near city centers and metropolitan areas.

We outsource the manufacturing of all of our products to approximately 190 different suppliers, allowing us to concentrate on quality control and new product research, development and innovation. We continuously review our product offering and introduce on average approximately 200 new SKUs a year. Many of our products are unique to us, which we believe attracts customers to our stores.

We have successfully increased our sales over the last nine years from €749.5 million for the year ended March 31, 2004 to €1,349 million for the year ended March 31, 2013, representing a compound annual growth rate of 6.7% despite significant economic challenges. Over the same period, we generated a like-for-like sales CAGR of 2.3%. For the year ended March 31, 2013, sales in our retail network in France and Home Service accounted for 97.7% of our total sales, with sales in Italy, Belgium and Sweden accounting for the balance.

Our Competitive Strengths

We believe that our unique position in the frozen food market as both a developer of premium quality products and a retailer results from the following key strengths:

Strong, well-recognized brand in France

According to a survey prepared by the consulting firm OC&C, Picard is the leading brand in the French frozen food market and among the most widely recognized retail brands in France. In September 2012, the consulting firm OC&C released the results of a 5,000 consumer panel study in which French consumers ranked Picard as their favorite "bricks and mortar" retail concept in France (behind only internet retailer Amazon). We believe that our leading brand position results from a combination of factors, including our reputation for quality and convenience, the range and diversity of our products and our national footprint of stores situated in high traffic areas. In addition, we constantly seek to innovate and maintain the relevance of our product range. For example, in recent years, we have increasingly focused on healthier and natural products, including our "*Nature et mieux-être*" line, which includes products such as steamed vegetables, as well as a range of low-fat products, comprising the "*Plus d'équilibre*" line of low-fat meals.

We continuously strive to make our prepared meals as balanced as possible, including reducing the levels of salt, saturated fat and hidden sugars. We endeavor to ensure that none of our products contain genetically modified organisms ("GMOs"), artificial colorings, hydrogenated fats or other harmful additives. Moreover, we have devised various niche ranges to meet the specific needs of some of our customers such as gluten-free products or products designed for lacto-ovo-vegetarians. We have also designed a range of products intended to meet the needs of our customers who are looking for a quick, tasty and nutritious prepared meal that is specifically designed for one person and is affordable; the "*formules express*" is priced at €1.99 per unit, which tends to be very popular amongst our customers. The breadth of our product offering is highlighted by one of our taglines, namely, "Picard, a new taste everyday" ("*Picard, chaque jour a un goût nouveau*"). In addition, our strong brand recognition and the fact that consumers associate our food with nutrition, authenticity and taste are key drivers of consumer interest in our products, visits to our stores and our ability to generate high sales volumes and attractive margins. Our strong brand recognition also provides us with a solid platform to further expand both our retail network of stores and Home Service.

Wide range of premium quality products

We offer customers over 1,100 quality SKUs ranging from unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of prepared starters, main courses, desserts and ice cream. We offer a wide range of prepared meals, including traditional French meals, international food, gourmet products and special occasion products. In addition, we offer a range of seasonal products throughout the year. We believe we offer the best value for money in comparison to our competitors. We provide a large selection of products at a variety of price points within each of our product categories, enabling us to capture a broader spectrum of consumers. We believe that the breadth of our product range constitutes a significant barrier to entry. Our range is approximately 1.6 times that of the frozen food range generally stocked by grocers and approximately 8.5 times that of the range generally stocked by convenience stores and hard discounters. Given the breadth and quality of our customer proposition, we believe that we compete not only in the frozen food category but more widely for a "share of stomach" and consequently see further growth potential for our business. Many of our products are unique to Picard, which we believe attracts customers to our stores. In addition, our R&D staff benefits from close relationships with suppliers, who frequently propose new products to us on an exclusive basis, enabling us to maintain a competitive edge. We introduce on average approximately 200 new SKUs per year and we continuously review, update and replace our products to ensure that we always offer our customers innovative and interesting choices. Our experience leads us to believe that our commitment to innovation, our expertise and our ability to create new products each year is unmatched.

Leading market position and extensive store network in France

We were the leading retailer of frozen food products in France for 2011 and 2012 based on our total sales figures, according to information obtained from our internal analyses and accounting records, industry surveys and publications (namely those prepared by Nielsen Retailers Panel and Syndigel). We more than doubled our market share from approximately 9% in 2000 to approximately 18.9% in 2012 (including ice cream) and believe we have been instrumental in influencing the consumption habits of French consumers toward frozen food, helping to drive the growth of the market with our innovation and commitment to quality. Our market position is supported by our extensive store network, which consists of 906 stores in France as of March 31, 2013 (including two franchised stores in Corsica and six franchised stores in La Réunion), which enables us to cover nearly the whole territory of metropolitan France. Due to our extensive experience, and the great care we take, in opening stores, we have been successful at identifying attractive locations; we believe that our store portfolio has a remarkably homogenous performance and we have only rarely closed stores (only 20 in the past four decades in France). We believe that our extensive, high-quality network of retail stores positions us favorably relative to our competitors that do not have such an extensive network and also represents a significant barrier to entry to other competitors.

Flexible business model

We develop most of our products internally but outsource the manufacturing of all of our products to approximately 190 different suppliers. Accordingly, we can typically shift production from one supplier to another with little disruption, and we are generally not dependent on any one supplier. Our largest supplier represented approximately 6% of our purchases by value and our top ten suppliers represented 42% of our purchases by value. In addition, all of our logistics, including all of our ten warehouses, is outsourced. As of March 31, 2013, 792 of our 898 stores in France (excluding franchised stores) were leased pursuant to "commercial leases", which grant significant rights under French law to lessees compared to leases in many other jurisdictions. We believe that our business model grants us significant flexibility and ability to expand, particularly given the modest capital expenditures required to expand our store network, allowing management to focus on the higher value-added aspects of our business, such as reviewing our product range and keeping operating costs low.

Cash generative and high margin business

Gross profit as a percentage of sales of goods increased from 43.1% for the year ended March 31, 2012 to 43.4% for the year ended March 31, 2013, which we believe is among the highest in the food retail industry, reflecting our strong brand recognition and favorable pricing arrangements with our suppliers. Our business also benefits from relatively low capital expenditure requirements, which is supported by our standardized store format allowing for cost-efficient store openings and maintenance. Over the last two years, our total annual capital expenditure has averaged 3% of sales, of which approximately 37% were related to new store openings. In addition, our working capital is structurally negative, meaning that our working capital requirements tend to generate a cash inflow as we grow the business. Our strong margins, favorable working capital structure and low capital expenditure requirements have allowed us to generate significant cashflow even during the recent economic downturn and has resulted in an average annual EBITDA to cash-flow conversion rate of 82.5% for the last two years. This strong cash flow generation profile has resulted in a meaningful deleveraging since the Acquisition with total net debt being reduced from €855.9 million as of March 31, 2011 to €696.8 million as of March 31, 2013.

Attractive and promising market

Between 2000 and 2012, the French frozen food market for at-home consumption grew by approximately 26.8%, from approximately €5.6 billion in 2000 to approximately €7.1 billion in 2012. During the same period, we consolidated our leadership position and our revenues grew almost threefold, from approximately €0.5 billion in 2000 to €1,349.0 million in the year ended March 31, 2013 in contrast to a decline of 1.1% in the French GDP between calendar year 2000 to calendar year 2012. We believe future market growth will continue to be driven by favorable demographic and sociological trends, such as increases in single-parent families and single-person households, decreases in the amount of time allocated each day to the preparation of meals and an increasing focus on healthy food. Frozen food products offer nutritional quality and taste similar to that of fresh food and retain nutrients and vitamins longer through deep freezing. In addition, our target market extends beyond the frozen food segment into the much larger packaged and chilled food sectors, as we also compete against alternatives, such as fresh products from farmers' markets, traditional bakeries and butcher shops and upscale delicatessens. We believe that French consumers increasingly accept frozen food made from quality ingredients as a healthy, tasty and convenient alternative to fresh food products. In addition, customers are increasingly sensitive to the fact that frozen food significantly limits food waste as customers can use several portions at different times.

Experienced senior management team with strong track record

We have a senior management team composed of ten experienced retail executives with an aggregate tenure of more than 100 years at Picard. The team is led by our Chief Executive Officer Philippe Pauze. Philippe joined our team in April 2009 and has 39 years of experience in the food industry (including 35 years in the food retail industry). Philippe is supported by Christine Declercq, who has been our Chief Financial Officer for eight years, and by the other members of our senior management team, some of whom have been with us for more than 23 years. We believe that the collective industry knowledge and leadership of our senior management team and their record of accomplishment in responding to challenging economic conditions and achieving profitable sales growth will enable us to continue to deliver strong financial results in the future.

Our Strategy

The key components of our strategy are to:

Increase our like-for-like sales growth

We have historically had robust like-for-like sales growth and plan to stabilize our like-for-like sales growth in the wake of the horsemeat incident through various channels of communications, including marketing efforts aimed at reinforcing the critical importance of quality and provenance of our products, highlighting our commitment to quality controls and analyses on all our products, and assisting our customers with any questions they may have. See "*Risk Factors—We are dependent on third-party suppliers to produce our products*". In addition, we intend to bolster sales by emphasizing Picard's fundamental values through a series of communication campaigns in the upcoming months, including our recently designed brochure highlighting eight reasons to choose Picard ("*8 bonnes raisons de préférer Picard*"). We also plan to boost our sales through regular promotions such as the "ten days of shopping" ("*les dix jours shopping*") biannual promotion, typically in June and October, and more specific advertising campaigns to boost sales of seasonal products such as "spring is already at Picard" ("*le printemps est déjà chez Picard*"). After the initial stabilization period, we intend to return to positive like-for-like sales growth through the implementation of various operational initiatives, including continued product innovations, incentivization programs at the store level, further enhancement of our brand awareness through, among other initiatives, increased marketing efforts and the expansion of our store network.

We plan to fine-tune product pricing and develop additional marketing and promotional campaigns, as well as allow more sophisticated in-store merchandizing tailored to local consumption and purchasing patterns. In addition, we intend to capitalize on the fact that our website has recently been significantly redesigned to further reinforce our CRM program and enhance our reputation as a unique frozen food retailer. By improving like-for-like sales growth, we should be able to maintain our profit margins while maintaining our market share. We believe that the introduction of our CRM program provides us with an effective framework for deepening our understanding of our customers. We believe this will supply us with the information necessary to develop new products that are responsive to current trends and evolving consumer preferences, which in turn will increase sales.

Strengthen our leading market position

We intend to continue to strengthen our position as the leading retailer of frozen food products in France. In order to do so, we will maintain our commitment to offering customers a wide range of premium quality products at a variety of price points while continuing to develop innovative products that are unique to Picard. We also plan to continue investing in our internal research capabilities and our staff, developing long-term partnerships with leading suppliers and, when necessary, remodeling our stores to ensure that we provide our customers with a superior retail shopping experience. We continuously aim to improve the packaging of our products and intend to adopt a "clean label" approach to enable our customers to more easily ascertain the ingredients contained in our products and their respective origins. We believe that the strength of our brand is one of the most significant factors that contributes to our competitive position in the French frozen food sector. We will continue to strengthen our market position by promoting our brand, products, stores and services.

Continue to selectively expand our retail store network in France

We believe that, over time, there is the potential to continue our successful expansion strategy in France. We believe we can grow our current network from nearly 900 retail stores in mainland France to approximately 1,100 without meaningful adverse effects on our average sales per store. We monitor the cannibalization of sales in surrounding stores following the opening of a new store and have not noticed an increase in cannibalization in the past few years. We believe that a higher density of stores will contribute to top-of-mind awareness for customers and support store visit frequency. Our management team identifies sites based on demographics, the availability of suitable retail space, local economic conditions and other factors that we believe are relevant to the successful expansion of our store network and that should enable us to capitalize on the anticipated increased traffic and sales volume of our new stores. We believe that our new stores will benefit from strong brand awareness and existing marketing campaigns, and consequently require only limited incremental marketing support.

Develop our online platform and Home Service

Although Home Service had historically been mostly a telephone-based business, we believe that the Internet provides us with an opportunity for future growth into a distribution channel that is complementary to our network of stores. Further increasing our online sales will enable us to capture an additional segment of the market and supplement visits to our stores by offering consumers an additional element of convenience. In order to capitalize on the potential to increase our online sales, we have significantly redesigned our website. Our new design, which is comprised of presentation suggestions and recipe plans along with a broad range of information about our products, is intended to act as a showcase for our entire range of Picard products as well as to provide a user-friendly e-commerce website with state-of-the-art online shopping tools for our customers. Moreover, increasing Home Service sales by boosting online orders aims to reduce the structural costs associated with telephone ordering services. For the year ended March 31, 2013, Home Service accounted for 1.9% of our sales.

Develop our international markets

We plan to further expand our existing international network of stores. In the financial year ended March 31, 2013, we opened four stores in Belgium and two stores in Sweden. We opened three new stores in Belgium and two new stores in Sweden between April 1, 2013 and July 15, 2013. We have seen promising results in these new markets with relatively high sales per store and broke even in Belgium for the year ended March 31, 2013, the first year of our expansion into that country. Although most of the products we sell in Belgium and Sweden reflect our product range in France, highlighting our appeal as a French retailer of premium frozen food, we also sell some products that are tailored specifically to the local market, such as frozen venison products in Sweden. We intend to continue our expansion in Belgium and Sweden and will consider other opportunities to expand into new countries and regions in the future, including in jurisdictions where, because of the regulatory environment, the food retail market or the local culture, it would be advantageous to operate through a joint venture arrangement with a local partner. Moreover, in the year ended March 31, 2013, we opened eight additional stores (and closed one store) in Northern Italy, where we currently operate 43 stores. We are fully committed to improving our operating performance in Italy, despite the present difficult economic environment. We also continue to adapt our products to the preferences of our Italian consumers, notably by developing new Italian gourmet specialties in three categories (starters, prepared meals and desserts). Our international operations accounted for 2.2% of our sales for the year ended March 31, 2013.

Sources and Uses

The estimated sources and uses of the funds necessary for the refinancing of the Existing Senior Facilities 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 associated with the Refinancing. It does not take into account any breakage costs payable upon prepayment of the Existing Senior Facilities, which have not been ascertained yet.

Sources	(in € millions) (unaudited)	Uses	
Senior Secured Notes offered hereby	480.0	Prepayment of Existing Senior Facilities[2]	496.7
Cash on hand	23.7	Transaction fees and expenses[3]	7.0
Total sources[1]	503.7	Total uses	503.7

(1) The Revolving Credit Facility has a total available commitment of €30 million. The Revolving Credit Facility was undrawn on the Issue Date.

(2) The prepayment amount reflects the amount outstanding under the Existing Senior Facilities Agreement as of March 31, 2013, and does not take into account the €10.6 million of the term loan A facility that was amortized in April 2013.

(3) Estimated fees and expenses associated with the Refinancing, including commitment, placement, financial advisory, professional and initial purchasers' fees and other transaction costs, and excluding any breakage fees incurred in the prepayment of the Existing Senior Facilities Agreement.

Our Principal Shareholder

All of the Issuer's shares are indirectly controlled by LuxCo 1, a Luxembourg company.

The ownership of the ordinary shares of LuxCo 1, the parent company of the Issuer, is currently as follows (in each case, through one or more holding entities):

- Lion Capital: together with minority co-investors, approximately 98.6%, representing an equity investment estimated to be €551.2 million; and
- Existing Picard management: approximately 1.4%, representing an equity investment estimated to be €7.9 million.

Lion Capital was founded in 2004. It is a consumer-focused investment firm that seeks to make control investments in mid- and large-sized, consumer-retail businesses in Europe and North America. Lion Capital's senior leadership brings over 160 years of collective experience to the firm's activities and has been responsible for the investment of over €6 billion of equity capital in more than 40 companies. Past and present investments in retail and/or with a business presence in France include:

- Orangina Schweppes, the number three player in the European soft drinks market, acquired in 2006. In November 2009, it was sold to Suntory Holdings;
- Materne, the market leader in the ambient compote segment in France and the second largest producer of jams in France. Lion Capital sold the company to Activa Capital, owner of Mont Blanc, a leading manufacturer of ambient dairy cream desserts in France;
- HEMA, an international retailer with a network of over 600 stores in the Benelux, Germany and France, which Lion Capital acquired from Maxeda BV in 2007 for approximately €1.1 billion. The company is the leading general merchandise retailer in the Netherlands, where it has operated for over 80 years. All HEMA products are HEMA branded and designed in-house with production entirely outsourced. HEMA has also expanded into the French market, adapting the concept effectively to local preferences; and
- more recently, in July 2012, Lion Capital invested in Alain Afflelou, the largest optical franchisor in Europe, with a network of nearly 1,100 optical retail stores across France, Spain, Portugal, Belgium, Luxembourg, Switzerland, Morocco, Lebanon and the Ivory Coast.

Quarter ended June 30, 2013

In February 2013, we discovered that we, along with other prepared food retailers and our consumers, were the victims of a fraud in which horsemeat was sold to one of our suppliers, relabeled as beef and incorporated in two of our products. Moreover, we discovered that the meat used by this supplier for the preparation of the affected products had been sourced from a meat supplier not pre-approved by us, in violation of our specifications. Our like-for-like sales in the months following the incident have as a result declined compared to the same months in the previous financial year.

Our sales for the three months ended June 30, 2013 decreased by 4.0% to €294.6 million from €306.8 million for the three months ended June 30, 2012 which reflects a decline in like-for-like sales in France of 6.9%, or 4.7% when adjusted for an adverse calendar effect (i.e. no Easter occurring during the three months ended June 30, 2013 as compared to Easter occurring early during the three months ended June 30, 2012). Gross profit for the three months ended June 30, 2013 decreased by 3.7% to €129.5 million from €134.5 million for the three months ended June 30, 2012 (gross profit margin for the three months ended June 30, 2013 was 44%, increasing by 20bps compared to the three months ended June 30, 2012).

Picard Bondco's EBITDA decreased by 20.2% to €32.3 million for the three months ended June 30, 2013 from €40.5 million for the three months ended June 30, 2012. This decrease resulted from the softer sales and reflects the largely fixed nature of our cost base, as well as higher advertising costs incurred in response to the horsemeat incident and to the deterioration of the economic environment combined with the expansion of our store network in France as well as in Italy, Belgium and Sweden, partially offset by a slight increase in gross profit margin.

Despite a still difficult economic situation in Italy, our Italian subsidiary showed an 11.1% growth in sales reflecting the additional sales from the new stores partially offset by a 2.8% like-for-like decline. This decrease in like-for-like sales resulted mainly from the negative calendar effect (i.e. no Easter occurring during the three months ended June 30, 2013 as compared to Easter occurring early for the three months ended June 30, 2012).

We immediately and pro-actively took a series of steps in response to the horsemeat incident, including removing the affected products from our stores and increasing monitoring of our third-party suppliers, in particular through the performance of systematic DNA tests (Polymerase Chain Reaction). It was further determined that none of the affected products posed any health or safety risk. We have communicated regularly with our customers throughout the incident and established a response plan to address any potential concerns. We also continue to focus on product innovation, taste, variety and best practices to retain the quality and freshness of our products, including sourcing approximately 67% of our products from suppliers based in France (including, since March 18, 2013, 100% of the beef used in our products).

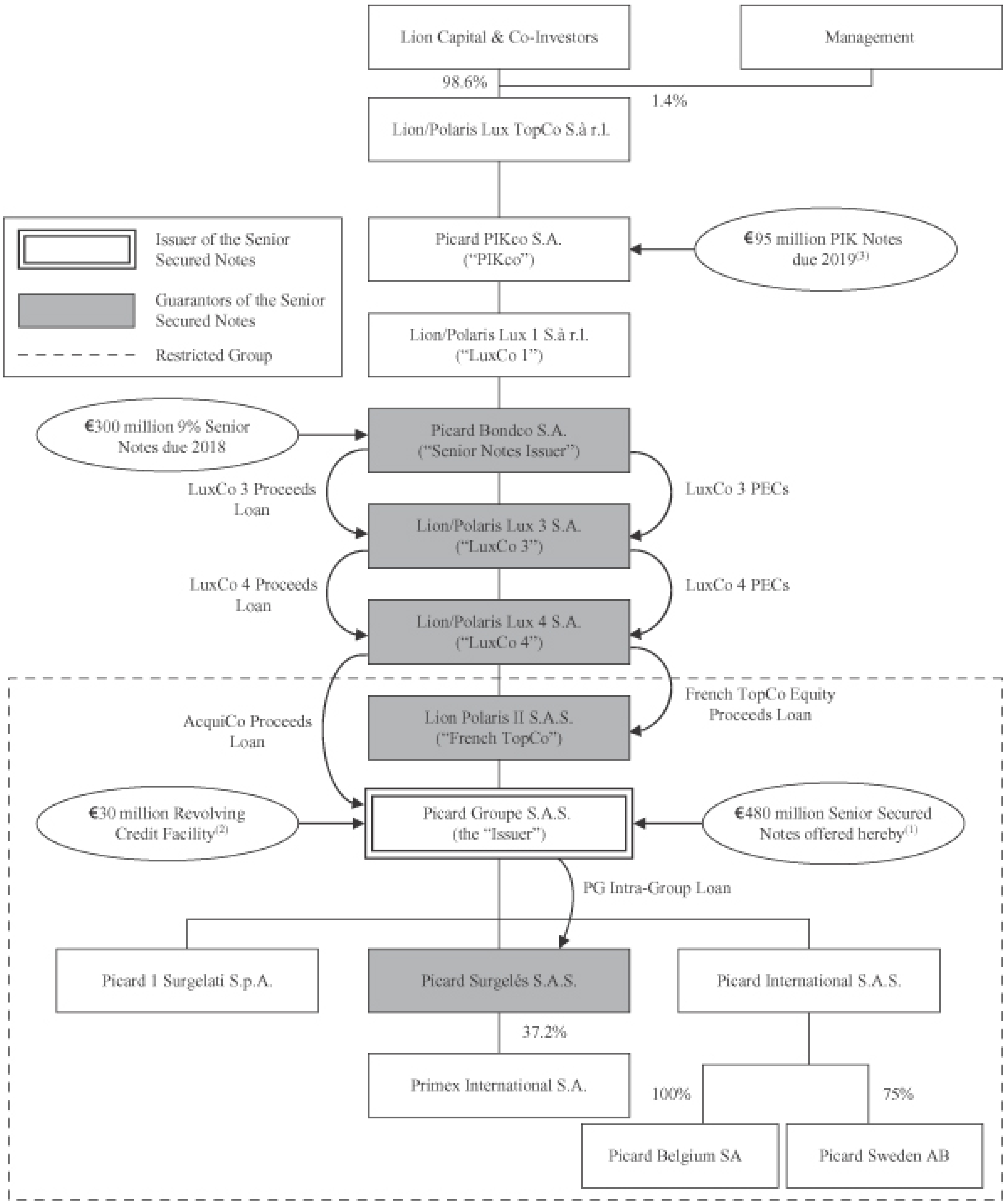
We have continued to successfully develop our store networks internationally. During this quarter, we opened three stores in France, three stores in Belgium and two stores in Sweden.

In the continuing economic downturn, management remains particularly cautious with respect to future results given the highly uncertain economic environment. In this context, our strategy for the coming quarters remains focused on optimizing our sales performance and opening new stores in France, Italy, Belgium and Sweden, while maintaining our gross margin and closely monitoring our costs. While we believe that all the measures taken in response to the horsemeat incident and the continuing deterioration in customer purchasing power, will strengthen our company in long term, it is too early to confirm a structural reversal in the decline in demand and it is uncertain how long this impact will last.

The results described above are unaudited and the results for the three months ended June 30, 2013 may not be indicative of any other period.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram summarizes our corporate structure and principal outstanding financing arrangements after giving effect to the Refinancing. All entities shown below are wholly-owned unless otherwise indicated. Please refer to "*Description of the Senior Secured Notes*" and "*Description of Other Indebtedness and Preferred Shares*" for more information.



(1) The Senior Secured Notes are guaranteed on a senior basis by LuxCo 3, LuxCo 4, French TopCo and Picard Surgelés and on a subordinated basis by Picard Bondco. The Senior Secured Notes and/or the Guarantees are secured by (i) pledges of certain intercompany loans between the Guarantors, (ii) pledges of certain bank accounts of the Issuer and the Guarantors, (iii) pledges of the ordinary shares of LuxCo 3, LuxCo 4, French TopCo, the Issuer, Picard Surgelés, Picard I Surgelati S.p.A. and Picard International S.A.S., (iv) pledges of the LuxCo 3 PECs and LuxCo 4 PECs and (v) a pledge of certain intellectual property rights of Picard Surgelés, each on a first-ranking basis or, in the case of certain security interests governed by French law, on a second-ranking basis (which under the Intercreditor Agreement will be deemed to be secured on a first-ranking basis) and on a *pari passu* basis with the Revolving Credit Facility. See "*Description of*

the Senior Secured Notes—Security". We estimate that the Guarantors account for over 85% of our consolidated EBITDA. The obligations of the Guarantors will be contractually limited under the applicable Guarantees to reflect limitations under applicable law. In particular, the guarantee of Picard Surgelés, our main operating subsidiary, is limited to the outstanding amount under the PG Intra-Group Loan up to a maximum amount of €20 million. In certain cases, these limitations may apply to the Guarantees, but not the Guarantors' obligations under other debt, including the Revolving Credit Facility. See ''*Risk Factors—Risks Related to Our Indebtedness and the Senior Secured Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Senior Secured Notes*".

(2) The Revolving Credit Facility has a total available commitment of €30 million. The Revolving Credit Facility was undrawn on the Issue Date. Obligations under the Revolving Credit Facility will also be secured by the Collateral on a *pari passu* basis. For a more detailed description of the Revolving Credit Facility Agreement, see "*Description of Other Indebtedness and Preferred Shares—Revolving Credit Facility*".

(3) Represents the original principal amount of the PIK Notes. As of March 31, 2013, the aggregate principal amount outstanding under the PIK Notes was €118.9 million, including capitalized interest.

THE OFFERING

The following overview of the Offering contains basic information about the Senior Secured Notes, the Guarantees and the Collateral. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Senior Secured Notes, the Guarantees and the Collateral, including certain definitions of terms used in this overview, please see "Description of the Senior Secured Notes".

Issuer
Picard Groupe S.A.S.

Senior Secured Notes Offered
€480 million aggregate principal amount of Floating Rate Senior Secured Notes due 2019 (the "Senior Secured Notes").

Issue Date
August 1, 2013.

Maturity Date
August 1, 2019.

Interest Rate and Interest Payment Dates
The interest rate on the Senior Secured Notes will be the sum of (i) the greater of (x) three-month EURIBOR and (y) zero, *plus* (ii) 4.25% per annum, reset quarterly. We will pay interest on the Senior Secured Notes on August 1, November 1, February 1 and May 1 of each year, commencing November 1, 2013. Interest on the Senior Secured Notes will accrue from the Issue Date.

Denominations
Each Senior Secured Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. Senior Secured Notes in denominations of less than €100,000 will not be available.

Issue Price
100% plus accrued interest, if any, from the Issue Date.

Ranking of the Senior Secured Notes
The Senior Secured Notes:

- are general senior secured obligations of the Issuer;
- are *pari passu* in right of payment with any future indebtedness of the Issuer that is not subordinated in right of payment to the Senior Secured Notes, including without limitation, the obligations under the Revolving Credit Facility;
- are senior in right of payment to any future indebtedness of the Issuer that is subordinated in right of payment to the Senior Secured Notes;
- are guaranteed on a senior basis by all of the Guarantors except Picard Bondco, which has provided a Guarantee on a subordinated basis;
- are secured by the Collateral; and
- are effectively subordinated to all obligations of the Issuer's subsidiaries that are not Guarantors.

Guarantees
The Issuer's obligations under the Senior Secured Notes and the Indenture will be guaranteed on a senior basis by all of the Guarantors except Picard Bondco, which guarantees the Issuer's obligations under the Senior Secured Notes and the Indenture on a subordinated basis.

Ranking of the Guarantees
The Guarantee of each Guarantor (except Picard Bondco):

- is a general senior obligation of that Guarantor;
- is secured by the Collateral; and
- is *pari passu* in right of payment to any future indebtedness of that Guarantor that is not subordinated in right of payment to the Guarantee of that Guarantor.

The Guarantee of Picard Bondco:

- is a general unsecured, subordinated obligation of Picard Bondco;
- is subordinated in right of payment to all existing and future senior debt of Picard Bondco, including, without limitation, the obligations under the Senior Notes and Senior Notes Indenture; and
- is *pari passu* in right of payment to any future subordinated indebtedness of Picard Bondco.

The obligations of the Guarantors is contractually limited under the applicable Guarantees to reflect limitations under applicable law, if any, including but not limited to, with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their directors. In certain cases, these limitations may apply to the Guarantees, but not the Guarantors' obligations under other debt, including the Revolving Credit Facility. See *"Description of the Senior Secured Notes—The Guarantees*," *"Risk Factors—Risks Related to Our Indebtedness and the Senior Secured Notes—Corporate benefit, financial assistance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Senior Secured Notes"* and "*—The insolvency and administrative laws of Luxembourg and France, as the case may be, may not be favorable to creditors, including investors in the Senior Secured Notes and may limit your ability to enforce your rights under the Senior Secured Notes, the Guarantees or the security interests in the Collateral*."

Security

The Senior Secured Notes and/or the Guarantees are secured by (i) pledges of certain intercompany loans between the Guarantors, (ii) pledges of certain bank accounts of the Issuer and the Guarantors, (iii) pledges of the ordinary shares of LuxCo 3, LuxCo 4, French TopCo, the Issuer, Picard Surgelés, Picard I Surgelati S.p.A. and Picard International S.A.S., (iv) pledges of the LuxCo 3 PECs and LuxCo 4 PECs and (v) a pledge of certain intellectual property rights of Picard Surgelés, each on a first-ranking basis or, in the case of certain security interests governed by French law, on a second-ranking basis (which under the Intercreditor Agreement will be deemed to be secured on a first-ranking basis) and on a *pari passu* basis with the Revolving Credit Facility. See "*Description of the Senior Secured Notes—Security*".

Optional Redemption

The Issuer may redeem all or part of the Senior Secured Notes on or after August 1, 2014 at the redemption prices as described under "*Description of the Senior Secured Notes—Optional Redemption*".

Prior to August 1, 2014, the Issuer may redeem all or part of the Senior Secured Notes by paying a "make whole" premium as described under "*Description of the Senior Secured Notes—Optional Redemption*".

Change of Control

If the Issuer experiences a change of control, it will be required to offer to repurchase the Senior Secured Notes at 101% of their aggregate principal amount plus accrued and unpaid interest and additional amounts, if any, to the date of such repurchase.

Redemption for Taxation Reasons

If certain changes in the law of any relevant taxing jurisdiction become effective after the issuance of the Senior Secured Notes that would impose withholding taxes or other deductions on the payments on the Senior Secured Notes, we may redeem the Senior Secured 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 and additional amounts, if any, to the date of redemption. See "*Description of the Senior Secured Notes—Redemption for Changes in Taxes*".

Additional Amounts

Any payments made by the Issuer with respect to the Senior Secured Notes or any Guarantor with respect to its Guarantee will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If withholding or deduction for such taxes is required to be made with respect to a payment on the Senior Secured Notes or the Guarantees, subject to certain exceptions, the Issuer or the Guarantors, as the case may be, will pay the additional amounts necessary so that the net amount received by the holders of Senior Secured Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. See "*Description of the Senior Secured Notes—Additional Amounts*".

Certain Covenants

The Indenture limits, among other things, the ability of French TopCo and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- change its Luxembourg holding company structure; and
- impair the security interests for the benefit of the holders of the Senior Secured Notes.

Each of these covenants is subject to a number of important limitations and exceptions as described under "*Description of the Senior Secured Notes—Certain Covenants*".

Transfer Restrictions

The Senior Secured Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. We have not agreed to, or otherwise undertaken to, register the Senior Secured Notes (including by way of an exchange offer).

Use of Proceeds

The gross proceeds from the sale of the Senior Secured Notes were used to (i) prepay amounts outstanding under the Existing Senior Facilities Agreement and (ii) pay fees and expenses related to the Refinancing. See "*Use of Proceeds*".

No Established Market

The Senior Secured Notes will be new securities for which there is currently no established trading market. Although the initial purchasers have informed us that they intend to make a market in the Senior Secured Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Senior Secured Notes will develop or be maintained.

Listing	Application has been made for listing particulars to be approved by the Irish Stock Exchange and for the Senior Secured Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market.
Governing Law	The Indenture, the Senior Secured Notes and the Guarantees are governed by the laws of the State of New York. The Intercreditor Agreement is governed by English law. The Security Documents are governed by the laws of France, Luxembourg and Italy, as applicable.
Trustee	Citibank, N.A., London Branch.
Security Agent	BNP Paribas.
Principal Paying Agent, Calculation Agent and Transfer Agent	Citibank, N.A., London Branch.
Registrar	Citigroup Global Markets Deutschland AG.
Listing Agent	Arthur Cox Listing Services Limited.

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The following tables present summary historical consolidated financial information and other data for Picard Bondco. The summary consolidated financial information of Picard Bondco as of and for each of the years ended March 31, 2012 and 2013 have been derived from the consolidated financial statements of Picard Bondco as of and for the year ended March 31, 2013 included elsewhere in this offering memorandum.

The following tables should be read in conjunction with "*Use of Proceeds*", "*Capitalization*", "*Selected Historical Consolidated Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of the Senior Secured Notes*" and our consolidated financial statements and related notes included elsewhere in this offering memorandum.

Consolidated Income Statement Data

	Year ended March 31,	
	2012	**2013**
	(€ in millions)	
Sales of goods	1,298.2	1,349.0
Cost of goods sold	(738.6)	(764.1)
Gross profit	**559.6**	**584.9**
Other operating income	5.6	2.9
Other purchases and external expenses	(203.5)	(220.7)
Taxes	(17.3)	(16.4)
Personnel expenses	(152.7)	(158.1)
Depreciation, amortization and provisions allowances	(30.5)	(29.0)
Other operating expenses	(3.6)	(4.3)
Operating profit	**157.5**	**159.3**
Finance costs	(66.4)	(64.7)
Finance income	1.7	1.9
Share of profit in an associate	0.8	0.2
Income tax expense	(20.0)	(29.9)
Net income	**73.7**	**66.8**
Attributable to equity holders of the company	73.7	66.8

Consolidated Balance Sheet Data

	As at March 31,	
	2012	**2013**
	(€ in millions)	
Goodwill	815.2	815.2
Property, plant and equipment	217.7	227.6
Other intangible assets	837.8	840.6
Investment in an associate	9.3	9.3
Other non-current financial assets	19.7	20.9
Deferred tax asset	19.8	5.2
Total non-current assets	**1,910.9**	**1,918.7**
Inventories	80.3	76.7
Trade and other receivables	36.2	35.3
Other current financial assets	—	—
Cash and cash equivalents	150.5	119.4
Total current assets	**275.5**	**231.3**
Total assets	**2,186.4**	**2,150.0**
Equity attributable to equity holders of the company	**756.2**	**825.5**
Interest-bearing loans and borrowings	852.2	738.3

	As at March 31,	
	2012	2013
	(€ in millions)	
Other non current financial liabilities	4.3	0.078
Provisions	6.5	6.6
Employee benefit liability	4.3	4.3
Deferred tax liability	313.4	312.1
Total non-current liabilities	**1,180.7**	**1,061.5**
Total current liabilities	**249.5**	**262.9**
Total equity and liabilities	**2,186.4**	**2,150.0**

Cash Flow Statement Data

	Year ended March 31,	
	2012	2013
	(€ in millions)	
Net cash flows from operating activities	182.4	180.8
Net cash used in investing activities	(28.9)	(43.4)
Net cash used in financing activities	(97.5)	(168.8)
Net increase / (decrease) in cash and cash equivalents	**56.1**	**(31.4)**
Net cash and cash equivalents at 31 March	136.3	104.9
Net cash and cash equivalents at beginning of the period	80.2	136.3

Other Financial Data

	As of and for the year ended March 31,	
	2012	2013
	(€ in millions, except ratios and percentages)	
Other data(1)		
Gross profit margin	43.1%	43.4%
EBITDA(2)	188.0	188.3
EBITDA margin(3)	14.5%	14.0%
Capital expenditures	36.2	43.1
Net debt(4)	777.1	696.8
Net debt/EBITDA	4.13x	3.70x
Pro forma data		
Pro forma net debt(5)		704
Pro forma net debt(5)/EBITDA(2)		3.7x
Pro forma net debt(5)/(EBITDA(2)—capital expenditures)		4.8x
Pro forma cash interest expense(6)		50.5
Ratio of EBITDA(2) to pro forma cash interest expense(6)		3.7x

(1) Unaudited except for sales of goods and gross profit margin.

(2) EBITDA represents operating profit before depreciation, amortization, and provisions allowances. EBITDA is not a measurement of performance under IFRS-EU, and you should not consider EBITDA as an alternative to operating profit or net income or any other performance measure derived in accordance with IFRS-EU.

We believe that EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist securities analysts, investors and other parties in evaluating our group. EBITDA and similar measures are used by different companies for differing purposes and are often calculated differently. You should exercise caution in comparing EBITDA and similar measures as presented by us to those presented by other companies. EBITDA as presented here differs from the definition of "Consolidated EBITDA" contained in the Indenture.

The reconciliation of our operating profit to EBITDA is as follows:

	Year ended March 31,	
	2012	2013
	(€ in millions)	
Operating profit	157.5	159.3
Depreciation, amortization and provisions allowances	30.5	29.0
EBITDA	**188.0**	**188.3**

(3) EBITDA margin is EBITDA divided by sales.

(4) Net debt is total debt, consisting of the Existing Senior Facilities (with a carrying value under IFRS of €478.4 million), finance leases (amounting to €2.3 million) and bank guarantees (amounting to €2.9 million) and the Senior Notes (with a carrying value under IFRS of the principal amount outstanding under the Senior Notes under IFRS of €291.3 million), minus cash and cash equivalents.

(5) Pro forma net debt reflects external interest-bearing loans and borrowings less cash and cash equivalents after giving effect to the Refinancing, as well as the €10.6 million amortization of the term loan A facility in April 2013 including the Offering and the application of the proceeds thereof but excluding the payment of interest due on April 15, 2013 and July 15, 2013 of €12.3 million in total, and the estimated accrued interest due on the Existing Senior Facilities from July 15, 2013 to the Issue Date. This figure assumes no borrowings under the Revolving Credit Facility. The Revolving Credit Facility will have a total available commitment of €30 million.

(6) Pro forma cash interest expense represents the interest expense in connection with the Senior Notes and the Senior Secured Notes (including commitment fees payable under our undrawn Revolving Credit Facility), at the blended rate of 6.48% (after adjusting for hedging). Each 0.125% change in interest rates set forth above and applicable to floating rate debt (i.e. the Senior Secured Notes) would change the applicable pro forma cash interest expense by €0.6 million.

Other operating data

	As of and for the year ended March 31,	
	2012	2013
French stores (end of period)	872	898
Net new store openings (France)	28	26
Italian stores (end of period)	36	43
Net new store openings (Italy)	6	7
Other store openings[7]	1	13
Other stores (end of period)	1	14
Total stores (end of period)	909	955
France		
Like-for-like stores sales growth[8]	3.3%	1.0%
Trading space (m^2)	213,640	215,026
Average basket size (€)[9]	23.0	22.8
Number of tickets (in millions)[10]	57.4	59.6

(7) Other stores represent our franchised stores in Corsica and La Réunion, our stores in Belgium and our stores in Sweden. Our Swedish stores are owned by our 75% owned subsidiary, Picard Sweden AB, the remaining 25% of which is owned by our Swedish partner.

(8) Like-for-like sales growth represents the change in sales from our stores in France that have been open more than 12 months. For the purpose of like-for-like calculations, a store will be included (i) on the first day of the twelfth month following its opening date if it was opened between the first and the fifteenth day of any given month, and (ii) on the first day on the thirteenth month following its opening date in all other cases.

(9) Average basket size means the average euro value per transaction.

(10) Number of tickets means the number of sales transactions that take place in a given period.

RISK FACTORS

An investment in the Senior Secured Notes involves a high degree of risk. You should carefully consider the risks described below before deciding to invest in the Senior Secured Notes. In assessing these risks, you should also refer to the other information in this offering memorandum, including the consolidated financial statements and related notes. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties that are not currently known to us or that we currently consider immaterial could also impair our business, financial condition, results of operations and our ability to make payments on the Senior Secured Notes.

This offering memorandum also contains forward-looking statements that involve risks and uncertainties. Our future 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 Business

We are dependent on third-party suppliers to produce our products.

We rely on third-party suppliers for all of our products, which exposes us to risks that such suppliers may fail to meet timelines, provide us with sufficient product or comply with our specifications. We require our suppliers to meet certain specifications and standards to ensure the high quality of our products. The use of third-party suppliers increases the demands on our quality control personnel and exposes us to risks that the products provided by our suppliers may not meet the relevant quality standards. For example, in the three months ended March 31, 2013, we, along with other prepared food retailers, discovered that two of our beef prepared products contained horsemeat. The meat used by one of our suppliers for the preparation of these two products had been sourced from a meat supplier not pre-approved by us, in violation of our specifications. Our business was materially negatively impacted by this event. We immediately took a series of steps in response to this incident, including removing the affected products from our stores and increasing monitoring of our third-party suppliers. We have also reinforced our audit program to ensure strict compliance with our specifications, in particular by (i) ensuring that ingredients are correctly pre-validated by our quality service (in terms of quality and origin), (ii) systematically performing DNA tests (Polymerase Chain Reaction) to identify species on all our beef products and (iii) tightening our control plan on our seafood and other meat products. Despite these measures, our like-for-like sales in the months following the incident have declined compared to the same months in prior periods. Based on unaudited preliminary management information, we estimate that for the three months ended June 30, 2013, our Group's sales decreased by approximately 4.0%, mainly driven by a decline in our like-for-like sales in our French stores of 6.9% (or 4.7% as adjusted for an adverse calendar effect (primarily the occurrence of Easter for calendar year 2012 occurring during the three months ended June 30, 2012, compared to no Easter during the three months ended June 30, 2013)). There can be no assurance that similar incidents will not occur in the future.

Furthermore, we believe that there are a limited number of competent, high-quality third-party suppliers in the industry, and if we were required to obtain additional or alternative agreements or arrangements in the future with third-party suppliers, we may be unable to do so on satisfactory terms or in a timely manner. This could limit our ability to implement our business plan or meet customer demand. Any adverse changes to our relationships with our suppliers or quality issues caused by our suppliers could have a material adverse effect on our business, results of operations or financial condition and prospects, including on our image, brand and reputation.

Adverse developments with respect to the safety and quality of our products and/or the food industry in general or health concerns may damage our reputation, increase our costs of operations or decrease demand for our products.

Food safety and the public's perception that our products are safe and healthy are essential to our image and business. We sell food products for human consumption, which subjects us to safety risks such as product contamination, spoilage, misbranding or product tampering. Product contamination (including the presence of a foreign object, substance, chemical or other agent or residue or the introduction of a genetically modified organism), spoilage, misbranding or product tampering could require product withdrawals or recalls or destruction of inventory and could result in negative publicity, temporary warehouse closures and substantial costs of compliance or remediation. We may be impacted by publicity regarding any assertion that our products caused illness or injury. We could also be subject to claims or lawsuits relating to an actual or alleged illness stemming from product contamination or any other incidents that compromise the safety and quality of our products.

A significant lawsuit or widespread product recall or other events leading to the loss of consumer confidence in the safety and quality of our products could damage our brand, reputation and image and negatively impact our sales, profitability and prospects for growth. We strive to control the risks related to product quality and safety through the implementation of, and strict adherence to, our quality standards. We maintain systems designed to monitor food safety risks and require our suppliers to do so as well. However, we cannot guarantee that our efforts will continue to be successful or that such risks will not materialize. In addition, even if our own products are not affected by contamination or other incidents that compromise their safety and quality, negative publicity about our industry, ingredients or the health implications of frozen food products could result in reduced consumer demand for our products.

We are also subject to risks affecting the food industry generally, including risks posed by widespread contamination and evolving nutritional and health-related concerns. Regulatory authorities may limit the supply of certain types of food products in response to public health concerns, and consumers may perceive certain products to be unsafe or unhealthy, which could require us or our suppliers to find alternative supplies or ingredients that may or may not be available at commercially reasonable prices and within acceptable time constraints. In addition, such governmental regulations may require us to identify replacement products to offer to our customers or, alternatively, to discontinue certain offerings or limit the range of products we offer. We may be unable to find substitutes that are as appealing to our customer base, or such substitutes may not be widely available or may be available only at increased costs. Such substitutions or limitations could also reduce demand for our products.

Furthermore, consumers have been increasingly focused on food safety, health and wellness with respect to the food products they buy and their ingredients. Demand for our products could be affected by consumer concerns regarding the health effects of ingredients such as trans fats, sugar, processed wheat or other product attributes.

Failure to protect our image, reputation and brand could materially affect our business.

Our brand, image and reputation constitute a significant part of our value proposition. Our success over the years has rested largely on our ability to develop our brand and image as the leading retailer of premium quality, competitively priced frozen food in France. Our customers expect that we will provide them with a large selection of quality, healthy and safe products, and this reputation has strengthened our image and brand, fuelling our expansion. Any event, such as a significant product recall, that could damage our image, reputation or brand could have a material adverse effect on our business, results of operations, financial condition and prospects. See "*—We are dependent on third-party suppliers to produce our products*".

In addition, our principal brand names and trademarks (such as Picard, Picard Surgelés and the snowflake logo) are key assets of our business. See "*Business—Intellectual Property*". We rely upon a combination of copyright and trademark laws to establish and protect our intellectual property rights, but cannot be certain that the actions we have taken or will take in the future will be adequate to prevent violation of our proprietary rights. There can be no assurance that litigation will not be necessary to enforce our trademark or proprietary rights or to defend ourselves against claimed infringement of the rights of third parties. Adverse publicity, legal action or other factors could lead to substantial erosion in the value of our brand, which could lead to decreased consumer demand and have a material adverse effect on our business, results of operations or financial condition and prospects.

We are vulnerable to fluctuations in the availability and price of food ingredients and packaging material, as well as to the price of electricity.

We and our suppliers use significant quantities of food ingredients and packaging materials. These ingredients and materials are subject to fluctuations in availability and price. Such fluctuations are attributable to, among other things, changes in supply and demand for crops or other commodities, energy prices, and government-sponsored agricultural and livestock programs. In particular, the availability and the price of vegetables and other agricultural commodities, including meat and fish, can be volatile. General economic conditions, unanticipated demand, problems in production or distribution, natural disasters, weather conditions during the growing and harvesting seasons, plant and livestock diseases and local, national or international quarantines can also adversely affect availability and prices of commodities in the long and short terms. In the future, we may be affected by the imposition of national or international quotas regulating, for example, volumes of raw materials, especially on fish and seafood products. If the French government or a regulatory regime establishes such measures, the price of raw materials could increase, and our gross margins would be affected.

While we generally have long-term relationships with our suppliers, and alternate suppliers are generally available, we do not have long-term contracts with suppliers, and, as a result, they could increase the prices of their products or fail to deliver sufficient quantities to us. Although we attempt to reduce our exposure to price fluctuations to a limited extent by buying certain inventory at opportune moments during the year and holding it for sale until periods of high demand or shortages, our ability to avoid the adverse effects of a pronounced, sustained price increase in raw materials is limited.

Increases in prices or scarcity of ingredients or packaging materials required for our products could increase our costs and disrupt our operations. In addition, our ability to pass along higher costs through price increases to our customers is dependent upon competitive pricing conditions in our industry. As a result, changes in our input costs could impact our gross margins. However, even if we are able to pass increased costs on to our customers, the higher prices of our products might lead to reduced consumer demand or negative changes in the product mix.

In addition, significant amounts of electricity are needed to maintain our cold chain requirements for appropriate storage of materials and products before they are sold, and we expect that our electricity costs will increase in the future. Such increases may be significant.

Sales of our products are subject to changing consumer preferences.

The success of our business depends on the continued appeal of the range of products we offer through our network of stores and Home Service. A shift in consumer preferences could have a material adverse effect on our business. Given the varied backgrounds and tastes of our customer base, we must offer a sufficient range of products to satisfy a broad spectrum of preferences.

We devote significant resources to developing and marketing new products, as well as to expanding and improving existing product lines. However, our efforts may not result in the volume of sales or profitability anticipated. If we are unable to accurately predict, identify and interpret the changing tastes and dietary habits of consumers, our sales may decline and our operating results could suffer.

Failure to develop successful and innovative products could adversely affect our business.

We are dedicated to developing successful and innovative new products and do so primarily through the efforts of our integrated research and development ("R&D") department, which creates new products throughout the year. Many of our suppliers also carry out their own R&D and proactively propose new recipes and products to sell in our stores. We believe that continuously renewing our product offering is essential for keeping up with changes in the market and stimulating demand from both potential and existing customers. On average, we introduce approximately 200 new SKUs annually, including alternative flavors, sizes and packaging for our existing products. If we are unable to continue developing an adequate range of new products, the attractiveness of our brand could be diminished and cause us to become less competitive. However, there are inherent risks associated with new product or packaging offerings, including uncertainties about trade and consumer acceptance. We may incur certain costs related to developing and marketing new products or expanding existing product lines and cannot guarantee their profitability or popularity.

A failure in our cold chain could lead to unsafe food conditions and increased costs.

"Cold chain" requirements setting out the temperatures at which our ingredients and products are stored are established by statute and by us to help guarantee the safety of our food products. Our cold chain is maintained from the moment the ingredients arrive at, or are frozen by, our suppliers, through our products' transportation phase and ultimately to the time of sale in our stores or through Home Service. These standards ensure the quality, freshness and safety of our products, and those characteristics are recognized by our customers and have become associated with our brand. A failure in the cold chain could lead to food contamination, risks to the health of our customers, fines and damage to our brand and reputation, each of which could subsequently affect our business, results of operations and financial condition and prospects.

We may be subject to product liability claims arising out of the consumption of our products.

Consumption of a misbranded, altered, contaminated or spoiled product may result in personal illness or injury. We could be subject to claims or lawsuits relating to an actual or alleged illness or injury or death stemming from the consumption of one of our products which could negatively affect our business. While we are not currently the subject of material product liability claims for damages as a result of the consumption or use of our products, and we submit our products to extensive testing, we may still be exposed to liability claims in the future. Awards of damages, settlement amounts and fees and expenses resulting from such claims and the public relations implications of any such claims, could have an adverse effect on our business. The availability and price of insurance to cover claims for damages are subject to market forces that we do not control, and such insurance would not cover damage to our reputation. Even if product liability claims against us are not successful or fully pursued, these claims could be costly and time-consuming and may divert our management's time and resources towards defending them rather than operating our business. Any adverse publicity concerning such claims could cause customers to lose confidence in the safety and quality of our products and damage our reputation and brand image.

We are exposed to economic and other trends that could adversely impact our operations in France, Italy, Belgium and Sweden.

We conduct our operations principally in France, and the expansion of our network of stores is an integral part of our business strategy. We are thus particularly influenced by economic developments and changes in consumer habits in France, and a significant economic downturn in France could have a material adverse effect on our business. In addition, our more limited operations in Northern Italy, Belgium and Sweden expose us, although to a much lesser extent than in France, to economic trends in those regions as well. To the extent we extend our store network into other countries and territories, we will become exposed to economic trends in such additional countries and territories.

Our business and the food retail industry as a whole have been affected by the current global economic crisis since 2008 and by the effects on household consumption of the uncertainty and volatility resulting from the ongoing European sovereign debt crisis. We have been affected by negative macroeconomic trends beginning in the fourth quarter of 2008 as the crisis began to affect the French economy and domestic consumer confidence there.

While we believe that our business model has proven resilient throughout the crisis, we cannot predict whether it will continue to be successful in the future. In particular, even if we are able to achieve growth, such growth may be low. For example, during calendar year 2012, France's GDP growth was flat and during the year ended March 31, 2013, our like-for-like sales growth in our French stores was 1%. While we seek to lessen the impact of the crisis through management of our selling prices and production costs, volumes, inventories and working capital, the current crisis and future changes in economic conditions in France, Italy, Belgium and Sweden and globally could result in short- and long-term decreases in consumer confidence and demand, increases in selling prices and production costs or the volatility of raw material prices.

Our continued profit growth depends on our ability to manage the expansion of our operations.

We have grown rapidly by opening an average of 40 new stores per year in France since 2005 and expanding our geographic coverage. We believe that there is the potential to add approximately 200 stores in France in the coming years, and our current expansion plans foresee 25 new stores per year over the next four years. We intend to continue to expand our network of stores in the future based on our "geomarketing" analysis.

Historically, the increase in the density of our network of stores in France has not affected our average sales per store. We cannot guarantee that opening additional stores will not adversely affect our existing stores or that our strategy of adding new stores to the network will continue to be profitable. While we have a history of managing our growth successfully, future business growth could place a significant strain on our managerial, operational and financial resources. Our ability to capitalize on future growth will depend on our ability to continue to implement and improve operational, financial and information systems on a timely basis and to expand, train, motivate and manage our workforce. However, our personnel, systems, procedures and controls may not be adequate to support continued expansion, and failure to manage our expansion effectively may lead to increased costs, a decline in sales and reduced profitability. Based on these factors and others beyond our control, we cannot be certain that there will continue to be future opportunities to allow for growth on par with historical rates.

We may experience difficulties implementing overseas and international expansion plans.

In addition to our expansion in mainland France and Italy, we may consider a selective and measured geographical expansion of our business into other countries and territories that we believe will contribute to our growth and future performance. For example, we opened four stores in Belgium and two stores in Sweden in the year ended March 31, 2013. From April 1, 2013 to July 15, 2013, we opened three additional stores in Belgium and two additional stores in Sweden. If we expand our overseas and international operations, including expanding into new countries and regions, we may encounter risks posed by, for example, the adaptation of our business model to non-French consumer preferences, different national or territorial health and consumer safety standards, a lack of local business experience and exposure to economic conditions in additional markets. We may also have difficulty hiring experts or qualified executives or employees in the countries and territories in which we plan to expand. In addition, expansion requires significant start-up costs and we may also be unable to successfully integrate the services, products and personnel of any new stores we open or acquire into our operations, which may ultimately translate into a lack of return on our investment. We cannot guarantee that future efforts at expansion will be successful. Based on these risks, we may not achieve results in new countries and territories that are comparable to those achieved in mainland France, which may subsequently impact our overall business, financial condition and prospects.

We may be unable to implement our business strategy.

Our current business strategy focuses primarily on increasing like-for-like sales in our stores in France, notably by using information from our CRM program and on the further expansion of our store network in France. In addition, our strategy includes expanding our store network in Italy, as well as in additional countries and territories such as Belgium and Sweden and potential expansion into other countries and regions. We are also exploring other growth initiatives such as the development of Home Service, including through our newly redesigned website. Given the various risks to which we are exposed and the uncertainties inherent in our business, we cannot guarantee the successful implementation of our business strategy. If we do not meet our strategic objectives or achieve the results initially expected, our business, results of operations or financial condition and prospects may be adversely affected.

The market for our products is highly competitive, and we may not continue to compete effectively.

The market for frozen food is highly competitive. Our competitors include not only distributors, retailers and, to a lesser extent, large manufacturers of frozen food, but also distributors and retailers of fresh products, baked goods and chilled, ready-made meals. These other competitors include generalist grocers, supermarket chains, hard discounters, specialists (including home delivery distributors) and convenience stores. Our competitors generally compete with us on the basis of location, quality of products, service, price, product variety and store condition. While we believe that we have developed a unique position in the French frozen food market, as both a developer and distributor of premium quality, competitively priced frozen food products, there can be no assurance that we can successfully compete with these companies or that new competitors will not enter the industry. In recent years, generalist grocers and supermarkets have begun offering lines of frozen food products that are similar to our own, which has resulted in increased competition. In addition, some of our competitors have substantially greater financial, marketing and other resources than our own, creating competitive pressures that could cause us to lose market share and may require us to lower prices, increase capital, marketing and advertising expenditures or increase the use of discounting or promotional campaigns, and may also restrict our ability to increase prices, including in response to commodity and other cost increases. These risks could adversely affect our sales volumes and margins and result in a decrease in our operating results.

The efficiency of our supply chain and information technology system is critical to our business and operations.

Our performance depends on accurate, timely information and numerical data from key software applications to aid day-to-day business and decision-making processes. We and our suppliers are exposed to operational risks, such as the breakdown or failure of equipment, interruption of power supplies or processes, fires, floods or other natural disasters, acts of sabotage or vandalism, and industrial accidents. We rely on our information technology systems for communication among our suppliers, stores, warehouses and headquarters and for Home Service. While we maintain certain controls designed to manage operational risk, including continued upgrading of modern technology for breakdown diagnosis, we may be adversely affected if our controls fail to detect or contain operational risks. If we do not allocate and effectively manage the resources necessary to build and sustain the proper technology infrastructure and to maintain the related automated and manual control processes, we could be subject to adverse effects, including billing and collection errors, business disruptions and damages related to security breaches. Any disruption caused by failings in our information technology infrastructure or underlying equipment or of communication networks could delay or otherwise impact our day-to-day business and decision-making processes and negatively impact our performance.

Moreover, we rely on our new cash register system which increased the sophistication and level of detail provided by our cash registers as compared to the prior system but may become subject to technical issues not previously experienced or foreseen by us, adversely affecting our day-to-day operations, including billing and collection errors. In addition, we employ outsourcing arrangements with third parties, notably in our logistics operations, and we do not control the facilities or operations of our suppliers. An interruption of operations at any of their or our facilities or any failure by them to deliver on their contractual commitments may have an adverse effect on our business, results of operations, financial condition and prospects.

Increased transportation costs or disruption of transportation services could adversely affect our business and financial results.

Transportation of our products is an important element of our cost structure. We require the use of refrigerated trailers to ship our products from our suppliers' facilities to our warehouses and from our warehouses to our stores. In the year ended March 31, 2013, transportation costs (excluding transportation costs incurred by our suppliers, which are generally included in the prices we pay for products) accounted for approximately 2% of our sales. Transportation costs have historically fluctuated significantly over time, in particular in connection with oil prices, and increases could result in reduced profits. We are dependent on third parties for our transportation, and this service could be disrupted. Any increases in the cost of transportation, and any disruption in transportation, could have a material adverse effect on our business, results of operations and financial condition and prospects.

Significant disruption in our workforce or the workforce of our suppliers could adversely affect us.

As of March 31, 2013, we employed approximately 3,960 full-time equivalent employees, 96.7% of whom were located in France and 2.9% of whom were located in Italy. Approximately 86% of our employees work in our store network. We could experience labor disputes and work stoppages and difficulty in attracting and retaining operative personnel at one or more of our stores due to localized strikes or strikes in the larger retail food industry sector. We are also exposed to similar risks involving the workforce of our third-party suppliers, including all of our warehouse operators. In particular, a labor stoppage or other interruption at one of our suppliers or warehouses would impact our ability to supply our stores and could have a more pronounced effect on our operations as a result. As we do not directly control our suppliers, including our warehouses, or their operations, we have no control over and limited information on labor relations between our suppliers and their workforces. We cannot assure you that a future labor disturbance, work stoppage, or failure to attract and retain operative personnel at any of our or our suppliers' facilities in France or elsewhere would not have an adverse effect on that facility's operations and, potentially, on our business, results of operations and financial condition.

We are dependent upon key executives and highly qualified managers whose retention we cannot assure.

Our success depends, in part, upon the continued services of our CEO, Philippe Pauze, our CFO, Christine Declercq, and other key executives and highly qualified managers, such as those in our R&D, Quality and Marketing departments. Our executives' and managers' knowledge of the market, our business and our company represents a key strength of our business model, and our experience and human capital serves as a barrier to entry to potential competitors. The success of our business strategy and our future growth also depend on our ability to attract, train, retain and motivate skilled managerial, sales, administration, development and operating personnel. The loss of one or more of our key management or operating personnel, or the failure to attract and retain additional key personnel, could have a material adverse effect on our business, results of operations and financial condition.

Compliance with European directives and regulations and government laws and regulations applicable to us could have a material adverse effect on our business, financial condition and results of operations.

As a developer and retailer of food products for human consumption, we are subject to stringent production, packaging, health, quality, labeling and distribution standards. National regulations that have implemented European directives applicable to frozen products establish highly technical requirements regarding labeling, manufacturing, transportation and storage of frozen food products. Local governmental authorities also set out bacteriological conditions and restrictions. Each of our stores, our outsourced warehouse facilities and our suppliers' facilities is subject to licensing, reporting requirements and official quality controls by numerous governmental authorities. These governmental authorities include European, national and local health, environmental, labor relations, sanitation, building, zoning, fire and safety departments. Difficulties in obtaining or failure to obtain the necessary licenses or approvals could delay or prevent the development or operation of a given retail location or warehouse facility. Any changes in those regulations may require us to implement new quality controls and possibly to invest in new equipment, which could delay the development of new products and increase our operating costs.

We are subject to increasingly stringent health, safety and environmental regulations.

We are subject to numerous health, safety and environmental regulations, including local, national and European directives and regulations relating to the creation and maintenance of the conditions called for our cold chain requirements, the remediation of water supply and use, water discharges, air emissions, waste management, noise pollution, and workplace and product health and safety. In addition, we are subject to regulations relating to asbestos in the workplace. Health, safety and environmental legislation in Europe and elsewhere has tended to become broader and stricter over time, and enforcement has become more stringent. We try to follow and anticipate such changes, but any failure to do so may lead to penalties or fines. If health, safety and environmental laws and regulations in France, Italy and the other countries in which we have operations or from which we source ingredients are strengthened in the future, the extent and timing of investments required to maintain compliance may differ from our internal planning and may limit the availability of funding for other investments. In addition, if the costs of compliance with health, safety and environmental laws and regulations continue to increase and it is not possible for us to integrate these additional costs into the price of our products, any such changes could reduce our profitability. Changes in applicable laws or regulations or evolving interpretations thereof may result in increased compliance costs, capital expenditures and other financial obligations which could affect our profitability or impede the production or distribution of our products and affect our net operating revenues.

All of our products must comply with strict national and international hygiene regulations. Our stores, our outsourced warehouses and our suppliers' production facilities are subject to regular inspection by authorities for compliance with hygiene regulations applicable to the sale, storage and manufacturing of foodstuffs and the traceability of genetically modified organisms, meats and other raw materials. Despite the precautions we undertake or require our suppliers to undertake, should any non-compliance with such regulations be discovered during an inspection, authorities may temporarily shut down the store, warehouse or facility concerned and levy a fine for such non-compliance, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Furthermore, health, safety and environmental laws and regulations and civil liability (tort) rules could expose us to liabilities. Under some of these laws and regulations, we could be liable for investigating or remediating contamination at properties we own or occupy, even if the contamination was caused by a party unrelated to us or was not due to fault and even if the activity which resulted in the contamination was legal. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our properties, could result in substantial unanticipated costs. In some circumstances, we could be required to pay fines or damages under these laws and regulations. Regulatory authorities may also require us to curtail operations or close facilities temporarily or permanently. In addition, although we monitor the exposure of our employees and neighbors to risks connected with our operations, we may be subject to health claims resulting from actual or alleged exposure to hazardous materials, as well as to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage resulting from hazardous substance contamination or exposure caused by our operations.

Although we believe that we conduct our operations in a way that reduces health, safety and environmental risks and have in place appropriate systems for identifying and managing potential liabilities, we may not have identified or addressed all sources of health, safety and environmental risks, and there can be no assurance that we will not incur health, safety and environmental related losses or that any losses incurred will not have a material adverse effect on our results of operations or financial condition.

Due to the seasonality of our business, our revenue and operating results may vary quarter to quarter.

Our sales and cash flows have historically been affected by seasonal cyclicality. Sales of frozen foods, including seafood, frozen vegetables and complete frozen meals, have historically tended to be higher during the winter months. December sales have historically been approximately double those of other months due to higher sales during the holiday season. Our sales have in the past typically decreased during the summer months, as declines in our sales in urban areas are only partially offset by increases at summer vacation destinations. At the end of the summer vacation period, our sales have tended to increase slightly as customers restock their freezers upon returning home. These fluctuations in our inventory can also affect our working capital requirements. For these reasons, sequential quarterly comparisons may not be a good indication of our performance or how we may perform in the future. If seasonal fluctuations are greater than anticipated, there could be an adverse effect on our financial condition, results of operations or cash flows.

We rent most of our stores pursuant to commercial leases that may be subject to adjustments that could increase our expenses and have a negative impact on our profitability and results of operations.

Many of our stores are leased pursuant to commercial leases for a term of nine years (with an option for the lessee to terminate in the third and sixth years), and rent constitutes a significant portion of our expenses. The commercial leases that we sign with our landlords generally provide for an annual (or every 3 years in certain cases) adjustment of the rent as a function of changes in certain indices. Currently, the applicable index for many of our leases is the national cost of construction index (*Indice national du Coût de la Construction* ("ICC")). If the ICC or any other new replacement index increases at a higher rate compared to the past performance of the ICC (which has increased considerably in recent years), rents linked to these indices will be adjusted at higher levels, which could increase our expenses and have a negative impact on our profitability and results of operations.

Parties to an eligible commercial lease for retail properties (such as our stores) are able to select the French commercial rent index (*Indice trimestriel des Loyers Commerciaux*) ("ILC") as an alternative to the ICC. Since 2010, most of our new commercial lease agreements have an indexation clause based on the ILC. Store leases based on the ILC represent 14% of total store leases as at March 31, 2013 and 81% of new stores leases signed in the year ending March 31, 2013. The ILC is calculated on the basis of the ICC (25%), the consumer price index (or CPI) (50%) and the retail sector revenues value index (or ICAV) (25%). Recently, the ILC has grown at a slower rate than the ICC. However, if in the future the ILC increases at a faster rate than the ICC, rents linked to the ILC will accordingly be adjusted upward at a faster rate, which could increase our expenses and have a negative impact on our profitability and results of operations.

There may be additional changes to the ICC or ILC in terms of scope or method of calculation, which could have a negative impact on our profitability and results of operations.

The social security contributions we are required to make for our employees may increase, changes in labor laws could make conducting our business more expensive or otherwise change the way we do business and the tax credits we benefit from may decrease.

Pursuant to Articles L.241-13 et seq. of the French Social Security Code, the social security contributions that we are required to make in respect of the compensation paid to a large number of our employees are subject to a formula-based reduction. See "*Regulation—Certain Evolutions of French Tax and Labor Laws—Minimum and Low Wage Employees*". Beginning January 1, 2011, these reductions have been calculated on the basis of annual compensation instead of monthly compensation as in the past. This change has had a negative impact on our profitability, and an additional change in the provisions applicable to this reduction, particularly with respect to the reduction rate or the calculation basis, could result in a further increase in our wage and salary expenses.

The CICE, a tax credit introduced in France on December 29, 2012 by the "*Loi de Finances rectificative*" to boost competitiveness and employment to the benefit of companies, is based on the remunerations that employers pay to their employees during a calendar year. See "*Regulation—Certain Evolutions of French Tax and Labor Laws—CICE*". The CICE is calculated on the gross amount of remunerations paid to employees over the course of a calendar year that do not exceed 2.5 times the SMIC. Changes to the CICE, including changes in the conditions or requirements thereunder or the accounting of tax treatment thereunder, may result in the decrease or elimination of the expected positive impact of the CICE on our results of operations.

In January 2013, an agreement was reached between national employer representatives and trade unions in France regarding certain labor market reforms. Many provisions of this agreement now appear in a bill, voted by the French parliament and published on June 14, 2013. This bill provides, *inter alia*, additional charges on fixed-term employment contracts, greater regulation of part-time employment and an extension of the scope of complementary health benefits to all employees. See "*Regulation—Certain Evolutions of the French Tax and Labor Laws—Bill for Guaranteeing Employment (loi sur la sécurisation de l'emploi*)". We cannot yet assess the impact of such new measures on our future operations but they may have an adverse impact on our costs. Labor market reform in general continues to be a key policy measure on the French government's political agenda, and changes in any of the above-mentioned laws or regulations or the coming into force of any new laws or regulations could substantially increase our operating costs or restrict our operational flexibility and therefore have a material adverse effect on our business, financial condition and results of operations.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the eurozone, or the potential dissolution of the euro entirely could have adverse consequences for us with respect to our outstanding debt obligations that are euro-denominated.

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the "EFSF") and the European Financial Stability Mechanism (the "EFSM") to provide funding to eurozone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism (the "ESM"), to be activated by mutual agreement and to assume the role of the EFSF and the EFSM in providing external financial assistance to eurozone countries after June 2013. In December 2011, the European Council and each eurozone country agreed to a package of measures designed to restore confidence and address the continued tensions in financial markets, including (i) bringing forward implementation of the ESM from June 2013 to as soon as Member States representing 90% of the capital commitments to the ESM have ratified the ESM Treaty, which occurred on September 27, 2012, and (ii) a new fiscal compact between all 17 eurozone countries and, subject to parliamentary vote, all other non-eurozone countries (except the United Kingdom) to put deficit restrictions on Member State budgets with associated sanctions for those Member States who violate the specified limits. Despite these measures, concerns persist regarding the debt burden of certain eurozone countries (including, most recently, Cyprus and Slovenia) 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 the individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, 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 such as supply contracts 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, such as the Senior Secured Notes, and, as we have a substantial amount of debt denominated in euro, our financial condition may be materially affected. Furthermore, the Existing Indentures and the Indenture contain, covenants restricting our and our subsidiaries' corporate activities. See "*—We are subject to covenants, which limit our operating and financial flexibility and, if we default under our debt covenants, we may not be able to meet our payment obligations*". Certain of such covenants impose limitations based on euro amounts (e.g. the amount of additional indebtedness we or our subsidiaries may incur). As such, if the euro were to significantly decrease in value, the restrictions imposed by those covenants would become tighter, further restricting our ability to finance our operations and conduct our day-to-day business.

Risks Related to Our Indebtedness and the Senior Secured Notes

The Issuer and certain of the Guarantors are holding companies that have no revenue generating operations of their own and depend on cash from the operating companies of the Picard Group to be able to make payments on the Senior Secured Notes or the Guarantees.

The Issuer and certain of the Guarantors are holding companies with no business operations other than the equity interests they hold in each of their subsidiaries. The Issuer and certain of the Guarantors are dependent upon the cash flow from their operating subsidiaries in the form of dividends or other distributions or payments to meet their obligations, including their obligations under the Senior Secured Notes or the Guarantees. The amounts of dividends and distributions available to the Issuer and the Guarantors will depend on the profitability and cash flows of their subsidiaries and the ability of those subsidiaries to issue dividends under applicable law. The subsidiaries of the Issuer and the Guarantors, however, may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Issuer or the Guarantors to make payments in respect of their indebtedness, including the Senior Secured Notes and the Guarantees. In addition, the subsidiaries of the Issuer that do not guarantee the Senior Secured Notes have no obligation to make payments with respect to the Senior Secured Notes.

Our significant leverage may make it difficult for us to operate our businesses.

We currently have and, after the issuance of the Senior Secured Notes will continue to have, a significant amount of outstanding debt with substantial debt service requirements. As of March 31, 2013, and as adjusted to give effect to this Offering, the application of the proceeds thereof and the other Refinancing transactions, our pro forma net debt would have been €704 million, which includes the Senior Notes, certain leases and bank guarantees less cash and cash equivalents. In addition, the unused portion of our new senior Revolving Credit Facility in the amount of €30 million will be available for future borrowings. Our significant leverage could have important consequences for our business and operations, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Senior Secured Notes and our other debt and liabilities;
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thus reducing the availability of our cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing our vulnerability to a downturn in our business or general economic or industry conditions;
- placing us at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than we have;
- limiting our flexibility in planning for or reacting to competition or changes in our business and industry;
- negatively impacting credit terms with our creditors;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Senior Secured Notes. Our ability to make payments on and refinance our indebtedness and to fund working capital expenditures and other expenses will depend on our future operating performance and ability to generate cash from operations. Our ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations nor obtain enough capital to service our debt or fund our planned capital expenditures.

In addition, we may be able to incur substantial additional debt in the future, including indebtedness in connection with any future acquisition. The terms of the Indenture, the Revolving Credit Facility, the Senior Notes Indenture and the PIK Notes Indenture permit our subsidiaries to do so, in each case, subject to certain limitations. If new debt is added to our current debt levels, the risks that we now face could intensify. Moreover, some of the debt we may incur in the future could be structurally senior to the Senior Secured Notes and may be secured by collateral that does not secure the Senior Secured Notes.

For a discussion of our cash flows and liquidity, see *"Management's Discussion and Analysis of Financial Condition and Results of Operation—Liquidity and Capital Resources"*.

We are subject to covenants which limit our operating and financial flexibility and, if we default under our debt covenants, we may not be able to meet our payment obligations.

Our Indenture, new Revolving Credit Facility, Senior Notes Indenture and PIK Notes Indenture contain covenants which impose significant restrictions on the way we can operate, including restrictions on our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions;
- make certain investments or acquisitions, including participating in joint ventures;
- prepay or redeem subordinated debt;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- enter into arrangements that restrict payments of dividends to the Issuer;
- sell assets, consolidate or merge with or into other companies;

- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;
- issue or sell share capital of certain subsidiaries; and
- create or incur certain liens.

These covenants could limit our ability to finance future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the terms of the Revolving Credit Facility Agreement, and the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral securing that debt. This could also result in an event of default under the Indenture or the Senior Notes Indenture. If the debt under the Revolving Credit Facility Agreement, the Senior Secured Notes or the Guarantees or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Senior Secured Notes and our other debt. Borrowings under other debt instruments that contain cross-acceleration or cross-default provisions also may be accelerated or become payable on demand. In these circumstances, our assets may not be sufficient to repay in full that indebtedness and our other indebtedness then outstanding, including the Senior Secured Notes. See "*Description of Other Indebtedness and Preferred Shares*".

We may incur substantially more debt in the future, which may make it difficult for us to service our debt, including the Senior Secured Notes, and impair our ability to operate our businesses.

We may incur substantial additional debt in the future. Any debt that our subsidiaries incur will be structurally senior to the Senior Secured Notes if such subsidiaries do not guarantee the Senior Secured Notes and could be secured or could mature prior to the Senior Secured Notes. The terms of the Indenture, the Revolving Credit Facility Agreement and the Senior Notes Indenture permit us to incur future debt that may have substantially the same covenants as, or covenants that are more restrictive than, those of the Indenture, the Senior Notes Indenture and the Revolving Credit Facility Agreement. Borrowings under debt instruments that contain cross-acceleration or cross-default provisions, including the Senior Secured Notes, may as a result also be accelerated and become due and payable. We may be unable to pay these debts in such circumstances. The incurrence of additional debt would increase the leverage related risks described in this offering memorandum.

The Senior Secured Notes are structurally subordinated to the liabilities of non-guarantor subsidiaries.

Some, but not all, of the Issuer's subsidiaries will guarantee the Senior Secured Notes, and although an operating subsidiary (Picard Surgelés) guarantees the Senior Secured Notes, its Guarantee, and the Guarantees of the other Guarantors, are limited. See "*—The Guarantees and the security interests over the Collateral may be limited by applicable laws or subject to certain limitations of defenses that may adversely affect their validity and enforceability*", the *"—Issuer and certain of the Guarantors are holding companies that have no revenue generating operations of their own and will depend on cash from the operating companies of the Picard Group to be able to make payments on the Senior Secured Notes or the Guarantees"* and "*—Corporate benefit, financial assistance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Senior Secured Notes.*" Unless a subsidiary is a Guarantor, the Issuer's subsidiaries will not have any obligations to pay amounts due under the Senior Secured Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, non-guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder.

Accordingly, in the event that any non-guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Senior Secured Notes) and the Guarantors will have no right to proceed against the assets of such subsidiary; and

- creditors of such non-guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Senior Secured Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-guarantor subsidiaries.

Investors' right to receive payment under the Guarantee of Picard Bondco is contractually subordinated to senior debt.

The obligations of Picard Bondco under its Guarantee will be contractually subordinated in right of payment to the prior payment in full in cash of all existing and future obligations in respect of senior debt of Picard Bondco. This senior debt includes Picard Bondco's obligations under the Senior Notes and the Senior Notes Indenture.

Although the Indenture contains restrictions on the ability of French TopCo and its Restricted Subsidiaries to incur additional debt, any additional debt incurred by Picard Bondco may be substantial and senior to its Guarantee of the Senior Secured Notes. For a summary of the terms of, and subordination provisions relating to the Guarantee of the Senior Secured Notes by Picard Bondco, see "*Description of the Senior Secured Notes—Subordination of the Guarantee of the Senior Secured Notes by Picard Bondco*".

Upon any payment or distribution to creditors of Picard Bondco in respect of an insolvency event, the holders of senior debt of Picard Bondco will be entitled to be paid in full from the assets of Picard Bondco before any payment may be made pursuant to such Guarantee. Until the senior debt of Picard Bondco is paid in full, any distribution to which holders of the Senior Secured Notes would be entitled but for the subordination provisions to be included in the Intercreditor Agreement shall instead be made to holders of senior debt of Picard Bondco as their interests may appear. As a result, in the event of insolvency of Picard Bondco, holders of senior debt of Picard Bondco may recover more, ratably, than the holders of Senior Secured Notes, in respect of Picard Bondco's Guarantee.

In addition, the subordination provisions in the Intercreditor Agreement relating to the Guarantee by Picard Bondco will provide for customary turnover provisions by the Trustee and the holders of the Senior Secured Notes for the benefit of the holders of senior debt of Picard Bondco.

In relation to all of the respective Guarantees of the Guarantors, the Indenture also provides that, except under very limited circumstances, only the Trustee will have standing to bring an enforcement action in respect of the Senior Secured Notes and the Guarantees. Moreover, the Intercreditor Agreement and the Indenture each restrict the rights of holders of the Senior Secured Notes to initiate insolvency proceedings or take legal actions against each of the Guarantors and by accepting any Note each such holder will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Senior Secured Notes will have limited remedies and recourse under the Guarantees in the event of a default by the Issuer or a Guarantor.

We may not be able to generate sufficient cash to service our indebtedness, including due to factors outside our control, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

We are significantly leveraged and have significant debt service obligations. As at March 31, 2013, and as adjusted to give effect to this Offering, the application of the proceeds thereof and the other Refinancing transactions, we would have had €704 million of pro forma net debt, including the Senior Notes, certain leases and bank guarantees less cash and cash equivalents, of which €480 million would have been represented by the Senior Secured Notes. Our ability to make payments on or to refinance the Senior Secured Notes or our other debt obligations will depend on our future operating performance and ability to generate sufficient cash. This depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control. Our significant leverage may also make it more difficult for us to satisfy our obligations with respect to the Senior Secured Notes and exposes us to interest rate increases to the extent any of our variable rate debt, including under the Senior Secured Notes and the Revolving Credit Facility Agreement, is not hedged.

Our businesses may not generate sufficient cash flows from operations to make payments on our debt obligations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to refinance such debts, including the Senior Secured Notes. If our future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund our liquidity needs, we may be forced to:

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

We can make no assurance that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates than our current debt and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the Indenture may restrict us from adopting some of these alternatives. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Senior Secured Notes. In that event, borrowings under other debt agreement or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Senior Secured Notes.

In addition, any failure to make payments of interest or principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our indebtedness, including under the Indenture, restrict our ability to transfer or sell assets and to use the proceeds from any such disposition. We may not be able to consummate certain dispositions or to obtain the funds that we could have realized from the proceeds of such dispositions, and any proceeds we do realize from asset dispositions may not be adequate to meet any of our debt service obligations then due.

We are exposed to interest rate risks, and such rates may adversely affect our debt service obligations.

A portion of our debt bears interest at a variable rate, and we will be exposed to the risk of fluctuations in interest rates, primarily under the Senior Secured Notes and the new Revolving Credit Facility, which are indexed to the Euro Interbank Offered Rate (“EURIBOR”). However, we may be unable to manage our exposure fully or continue to do so at a reasonable cost. Fluctuations in interest rates may also increase our overall debt obligations and could have a material adverse effect on our ability to service our debt obligations, including the Senior Secured Notes.

We may not be able to finance a change of control offer.

The Indenture requires the Issuer to make an offer to repurchase the Senior Secured Notes at 101% of their principal amount if we experience certain specified change of control events. In particular, if our indirect parent company, LuxCo 1 or its shareholders are unable to repay their debt obligations (including the PIK Notes) and default thereon, their creditors may take control of us and trigger such a change of control offer. Our obligations under the Revolving Credit Facility would also be accelerated upon the occurrence of a change of control. The Issuer’s ability to repurchase the Senior Secured Notes as required by the Indenture will depend on its access to funds at such time, and it may not be able to secure access to enough cash to finance the repurchase. The Issuer's failure to effect a change of control offer when required would constitute an event of default under the Indenture. In addition, certain important corporate events that might adversely affect the value of the Senior Secured Notes (including certain reorganizations, restructurings and mergers) would not constitute a "change of control" under the Indenture. For a complete description of the events that would constitute a "change of control", please see the section entitled "*Description of the Senior Secured Notes—Repurchase at the Option of Holders*".

The interests of our ultimate principal shareholder may be inconsistent with the interests of the holders of the Senior Secured Notes.

Our principal shareholder, Lion Capital, indirectly owns, together with minority co-investors, approximately 98.6% of our issued and outstanding ordinary shares through investment management funds. The interests of our principal shareholder could conflict with the interests of investors in the Senior Secured Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholder could cause us to pursue acquisitions or divestitures and other transactions or to make large dividend payments (subject to limitations in the Indenture, the Senior Notes Indenture and the Revolving Credit Facility) or other distributions or payments to it as the shareholder, even though such transactions may involve increased risk for the holders of the Senior Secured Notes. Our principal shareholders also pursue opportunities outside of the Group that may compete with the Group. Furthermore, no assurance can be given that our principal shareholder will not sell all or any part of its shareholding at any time nor that it will not look to reduce its holding by means of a sale to a strategic investor, an equity offering or otherwise.

Corporate benefit, financial assistance laws and other limitations on the Guarantees may adversely affect the validity and enforceability of the Guarantees of the Senior Secured Notes.

The Guarantors guarantee the payment of the Senior Secured Notes on a senior basis, except for the Guarantee by Picard Bondco which is provided on a subordinated basis. The Guarantors are organized under the laws of France and Luxembourg. Enforcement of the obligations under a guarantee against a Guarantor will be subject to certain defenses available to the relevant Guarantor. These laws and defenses may include those that relate to fraudulent conveyance, financial assistance, corporate benefit and regulations or defenses affecting the rights of creditors generally.

Under French financial assistance rules, a company is prohibited from guaranteeing indebtedness of another company that is used, directly or indirectly, for the purpose of its acquisition.

Under French corporate benefit rules, a court could subordinate or void any guarantee and, if payment had already been made under the relevant guarantee, require that the recipient return the payment to the relevant guarantor, if the court found that the French guarantor did not derive an overall corporate benefit from the transaction involving the grant of the guarantee as a whole. Existence of corporate benefit is a factual matter which must be determined on a case-by-case basis. Based on current case law:

- the company giving the guarantee must itself receive an actual benefit or advantage (direct or indirect) from the transaction involving the giving of the guarantee taken as a whole which is commensurate with the liability which it takes on under the guarantee;
- the financial commitment assumed by the guarantor must not exceed its financial capability; and
- (as regards group benefit) the guarantor and the person whose obligations are being guaranteed must belong to the same group and have real common economic purposes and policy, and the guarantee, and the transaction to which it relates, must be entered into in furtherance of the common economic interest of the group as a whole (not just its shareholders) and the liability under the guarantee should be commensurate with such group benefit.

In addition, each of the Guarantees and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering its Guarantee voidable or otherwise ineffective under applicable law.

In addition, the Guarantee of any Guarantor incorporated under the laws of France (each, a "French Guarantor") in respect of the payment obligations of the Issuer under the Indenture and the Senior Secured Notes:

- does not include any obligation or liability which, if incurred, would constitute the provision of financial assistance within the meaning of article L.225-216 of the French Commercial Code or any other laws having the same effect (and, without prejudice to the limitations described below, shall in no event exceed the amount of the proceeds of the offering of the Senior Secured Notes used to refinance the amounts outstanding under facility A2 and facility B2 of the Existing Senior Facilities immediately prior to the issuance of the Senior Secured Notes) and/or would constitute a misuse of corporate assets or corporate credit within the meaning of articles L.241-3 or L.242-6 of the French Commercial Code;
- is limited, at any time, to:

  (A) the aggregate of all amounts directly or indirectly (by way of intercompany loans or similar arrangement directly or indirectly from the Issuer) received out of the proceeds of the offering of the Senior Secured Notes by such French Guarantor and outstanding from time to time; plus

  (B) in the case of the Guarantee of Picard Surgelés, the amount outstanding under the PG Intra-Group Loan from time to time (up to a maximum of €20 million),

  and in the case of (A) and (B), will be limited to the amount outstanding, if any, on the date a payment is requested to be made by that French Guarantor under its Guarantee. Any payment made by such French Guarantor under its Guarantee will reduce pro tanto the maximum amount of its Guarantee.

Any reduction in the amount of the relevant intercompany loan, including by operation of the Intercreditor Agreement, would reduce the amount of the Guarantee.

By virtue of this limitation, a French Guarantor's obligation under its Guarantee could be significantly less than amounts payable with respect to the Senior Secured Notes, or a French Guarantor may have effectively no obligation under its Guarantee.

The PG Intra-Group Loan corresponds to that portion of the dividend declared by Picard Surgelés in July 2013 which has not been paid in cash and has been left outstanding on an intercompany account with the Issuer. The issuance of the Senior Secured Notes and the consequent funding received by the Issuer will allow this intercompany account to be left outstanding and the cash not to be upstreamed to the Issuer. Therefore, on the basis of the case law mentioned above in this section, it is believed that Picard Surgelés will derive an overall corporate benefit from the transaction involving the grant of the Guarantee. However, if a court were to decide that giving a Guarantee of the Senior Secured Notes (which are refinancing the Existing Senior Facilities Agreement) constituted financial assistance, the Guarantee could be reduced to zero even if the PG Intra-Group Loan was still outstanding as in the absence of actual on-lending to the guarantor it is not possible to distinguish an amount not used in the refinancing of the Existing Senior Facilities.

In addition, the granting of new security interests in connection with the issuance of the Senior Secured Notes may create hardening periods for such security interests in France and Luxembourg (save for financial collateral arrangements within the meaning of the Luxembourg law of August 5, 2005 on financial collateral arrangements, as amended). The applicable hardening period for these new security interests will run from the moment each new security interest has been granted or perfected. The Indenture permits the security interests in the Collateral to be released and retaken in certain circumstances. In case any of the security providers was to be declared bankrupt by the competent court, the court would establish a period before the bankruptcy judgment within which the court appointed bankruptcy receiver will have to carefully consider any transactions entered into during this so-called "hardening period". With the exception of any security interest being financial collateral arrangements within the meaning of the Luxembourg law of August 5, 2005 on financial collateral arrangements, as amended, any security interest entered into during the so-called "hardening period" will be analysed by the court appointed bankruptcy receiver and may be, as the case may be, challenged by the court appointed bankruptcy receiver and may be declared void or ineffective by a competent court.

It is possible that a Guarantor, or a creditor of a Guarantor, the grantor of security interests, or the creditor thereof, or the bankruptcy trustee in the case of a bankruptcy of a Guarantor or grantor of such security interests, may contest the validity and enforceability of the Guarantor's Guarantee and that the applicable court may determine that the Guarantee or the security interests should be limited or voided. To the extent that agreed limitations on the guarantee obligation apply, the Senior Secured Notes would be to that extent effectively subordinated to all liabilities of the applicable Guarantor and/or grantor, including trade payables of such Guarantor and/or grantor, as applicable. Future Guarantees and/or security interests may be subject to similar limitations. See "*—The insolvency and administrative laws and Luxembourg and France, as the case may be, may not be favorable to creditors, including investors in the Senior Secured Notes and may limit your ability to enforce your rights under the Senior Secured Notes, the Guarantees or the security interests in the Collateral.*"

You may be required to pay a "soulte" in the event you decide to enforce the share pledges by judicial or contractual foreclosure of the Collateral consisting of shares rather than by a sale of such Collateral in a public auction.

The pledges over shares may be enforced at the option of the secured creditor either by a sale of the pledged shares in a public auction (the proceeds of the sale being paid to the secured creditors), by judicial foreclosure (*attribution judiciaire*) or by contractual foreclosure (*attribution conventionnelle*) of the shares to the secured creditor, following which the secured creditor is the legal owner of the pledged shares. In a proceeding for *attribution judiciaire* or *attribution conventionnelle*, an expert is appointed to value the collateral (in this case, the shares) and if the value of the collateral exceeds the amount of secured debt, the secured creditors may be required to pay the obligor a *soulte* equal to the difference between the value of the shares and the amount of the secured debt. This is true regardless of the actual amount of proceeds ultimately received by the secured creditors from a subsequent sale of the Collateral.

Consequently, in the event the lenders under the Revolving Credit Facility or the holders of the Senior Secured Notes decide to, and are entitled to, enforce the share pledges through a judicial or contractual attribution and if the value of such shares exceeds the amount of the secured debt, the lenders under the Revolving Credit Facility and the holders of the Senior Secured Notes may be required to pay to the relevant pledgors a *soulte* equal to the value by which such shares exceeds the amount of secured debt.

If the value of such shares is less than the amount of the secured debt, the relevant amount owed to the relevant creditors will be reduced by an amount equal to the value of such shares, and the remaining amount owed to such creditors will be unsecured.

Should the holder of the Senior Secured Notes decline to request the judicial or contractual attribution of the shares, a realization of the pledged shares could be undertaken by public auction in accordance with applicable law. As such public auction procedures are not designed for a sale of a business as a going concern, however, it is possible that the sale price received in any such auction might not reflect the value of our group as a going concern.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Senior Secured Notes. The holders of the Senior Secured Notes may not control certain decisions regarding the Collateral.

The Collateral that secures the obligations of the Issuer and the Guarantors under the Senior Secured Notes and the Guarantees will not be granted directly to the holders of the Senior Secured Notes but was granted only in favor of the Security Agent under a parallel debt mechanism (and, as to the Italian law pledge over the shares in Picard I Surgelati S.p.A., the initial purchasers of the Senior Secured Notes, the Trustee and the Security Agent as beneficiary of the parallel debt under the Intercreditor Agreement). The Intercreditor Agreement, the Indenture and Security Documents provide that only the Security Agent has the right to enforce the Collateral. As a consequence, holders will not have direct security interests and in any event will not be entitled to take enforcement action in respect of the Collateral.

The Intercreditor Agreement provides that the Security Agent may take enforcement action with respect to any of the Collateral only upon the instruction of an instructing group (as described below), the composition of which may change depending on the Picard Group's capital structure.

The Intercreditor Agreement restricts the ability of the Trustee or the holders of the Senior Secured Notes to instruct the Security Agent to take enforcement action unless 66.66% of the lenders under the Revolving Creditor Facilities, the holders of the Senior Secured Notes and certain hedge counterparties have consented to such enforcement action.

Disputes may occur between the holders of the Senior Secured Notes and the lenders under the Revolving Credit Facility and certain hedging counterparties as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Collateral. In such an event, in situations described above where the holders of the Senior Secured Notes do not control enforcement, the holders of the Senior Secured Notes would be bound by any decisions of the creditors under our other debt instruments, including the Revolving Credit Facility, which may result in enforcement action, or absence thereof in respect of the Collateral, whether or not such action is approved by the holders of the Senior Secured Notes or may be adverse to such holders of the Senior Secured Notes. The creditors under certain hedging arrangements and the Revolving Credit Facility or other series of the Senior Secured Notes may have interests that are different from the interests of holders of the Senior Secured Notes and such creditors may elect to pursue their remedies under the Security Documents at a time when it would otherwise be disadvantageous for the holders of the Senior Secured Notes to do so.

If the Security Agent sells Collateral comprising the shares of LuxCo 3 or, if applicable, the shares of any of its subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Senior Secured Notes, the Guarantees (together with claims under the Senior Secured Notes) and the liens over any other assets securing the Senior Secured Notes and the Guarantees may be released. See "*Description of other indebtedness—Intercreditor Agreement*" and "*Description of the Senior Secured Notes—Security—Release*."

In addition, the ability of the Security Agent to enforce the security interests in the Collateral is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken. For example, the laws of certain jurisdictions may not allow for an appropriation of certain pledged assets, but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Senior Secured Notes that are not identified as registered holders in a Security Document will be validly secured.

In certain jurisdictions, including, among others, France and Italy, due to the laws and other case-law governing the creation and perfection of security interests and enforceability of such security interests, the respective Collateral secures a so-called "parallel debt" obligation (the "Parallel Debt Obligation") created under the Intercreditor Agreement and/or the Indenture in favor of the Security Agent as well as, or in lieu of, securing the obligations under the Senior Secured Notes directly. This parallel debt structure is used where certain jurisdictions have legal requirements relating to the creation and ongoing valid existence of security interests which are linked with the original secured claims and where certain actions under the finance documents, such as novation, may cause invalidity of the security interests under local law. The parallel debt is in the same amount and payable at the same time as the obligations of the Issuer and the Guarantors under the Senior Secured Notes and the Guarantees (the "Principal Obligations"), and any payment in respect of the Principal Obligations will discharge the corresponding parallel debt and any payment in respect of the parallel debt will discharge the corresponding Principal Obligations. Although the Security Agent will have, pursuant to the parallel debt, a claim against the Issuer and the Guarantors (subject to applicable limitation language) for the full principal amount of the Senior Secured Notes, the parallel debt structure has not been tested in court in these jurisdictions and there is no judicial guidance as to its efficacy and therefore it cannot be excluded that the parallel debt will not *per se* eliminate or mitigate the risk of unenforceability of the Collateral. Therefore, the ability of the Security Agent to enforce the Collateral may be restricted. In addition, holders of the Senior Secured Notes bear some risk associated with a possible insolvency or bankruptcy of the Security Agent. Furthermore, to the extent that the security interests in the Collateral created under the parallel debt structure are successfully challenged by other parties, holders of the Senior Secured Notes will not receive any proceeds from an enforcement of the security interest in the relevant Collateral.

Under French law, certain “accessory” security interests such as pledges require that the pledgee and the creditor be the same person. Such security interests cannot be held on behalf of third parties who do not hold the secured claim, unless they act as fiduciary under Article 2011 of the French Civil Code or as Security Agent under Article 2328-1 of the French Civil Code. In order to permit the beneficial holders of the Senior Secured Notes to benefit from a secured claim, the Intercreditor Agreement will provide for the creation of a “parallel debt” in favor of the Security Agent. Pursuant to the parallel debt, the Security Agent becomes the holder of a claim equal to each amount payable by an obligor under the Senior Secured Notes. Such “parallel debt” is intended to be an obligation owed to the Security Agent which, as such, would be capable of being effectively secured by a security interest granted to the Security Agent. Although the enforceability in France of certain rights (specifically the filing of claims in safeguard proceedings) of a security agent benefiting from a parallel debt was recognized for the first time by a French Supreme Court in a ruling dated September 13, 2011, there is no assurance that such a structure will be effective in all cases before French courts. Indeed such a decision should not be considered as a general recognition of the enforceability in France of the rights of a security agent benefiting from a parallel debt claim. The pledges governed by French law directly secure the parallel debt, and may not directly secure the obligations under the Senior Secured Notes and the other indebtedness secured by the Collateral. The parallel debt procedure has not been tested under French law, and there is no certainty that the parallel debt procedure will eliminate or mitigate the risk of unenforceability under French law.

The senior secured creditors have a limited period in which to respond to requests under the Intercreditor Agreement.

The Intercreditor Agreement provides that if in relation to a request for a consent, vote or other action, or a request to provide any confirmation or notification, under the Intercreditor Agreement, any senior secured creditor (including a holder of the Senior Secured Notes) fails to respond to that request within 15 Business Days (as defined in the Intercreditor Agreement) of that request being made or fails to provide details of its senior secured credit participation to the Security Agent within the timescale specified by the Security Agent, (i) that senior secured creditor’s senior secured credit participation will be deemed to be zero for the purpose of calculating the senior secured credit participations when ascertaining whether any relevant percentage (including unanimity) of senior secured credit participations has been obtained to give that consent, carry that vote or approve that action, (ii) that senior secured creditor’s status as a senior secured creditor will be disregarded for the purposes of ascertaining whether the agreement of any specified group of senior secured creditors has been obtained to give that consent, carry that vote or approve that action and (iii) in the case of a request for confirmation or notification, that confirmation or notification will be deemed to have been given. If holders of the Senior Secured Notes are unable to respond within the required timeframes, their ability to control or influence matters concerning their rights as holders of the Senior Secured Notes will be lost and such matters will be determined by other senior secured creditors which may have interests different from the holder of the Senior Secured Notes.

No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the issuance of the Senior Secured Notes.

No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the issuance of the Senior Secured Notes. There is no guarantee that the value of the Collateral will be sufficient to enable the Issuer to satisfy its obligations under the Senior Secured Notes and the Guarantees. There is no requirement under the Indenture to provide funds to enhance the value of the Collateral if it is insufficient, though applicable law may provide otherwise. The proceeds of any sale of the Collateral following an event of default with respect to the Senior Secured Notes may not be sufficient to satisfy, and may be substantially less than, amounts due on the Senior Secured Notes.

The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, general market and economic conditions, the condition of the market for the Collateral, the ability to sell Collateral in an orderly sale, the fair value of the Collateral, the timing and manner of the sale, whether or not our business is sold as a going concern, the ability to readily liquidate the Collateral, the availability of buyers and the condition of the Collateral and exchange rates. Further, there may not be any buyer willing and able to purchase our business as a going concern, or willing to buy a significant portion of our assets in the event of an enforcement action.

By its nature, some or all the Collateral may not have a readily ascertainable market value or may not be saleable or, if saleable, there may be substantial delays in its disposal. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Issuer or the Guarantors, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent or investors as holders of the Senior Secured Notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the Senior Secured Notes and the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the intercreditor arrangement governing our creditors' rights could reduce the proceeds realized upon enforcement of the Collateral. In addition, there can be no assurance that the Collateral could be sold in a timely manner, if at all.

Proceeds from enforcement sales of assets that are part of the Collateral will be applied on a *pari passu* basis in satisfaction of certain obligations of the Issuer and/or the Guarantors to certain hedge counterparties, the obligations of the Issuer and/or the Guarantors under the Revolving Credit Facility, the obligations of the Issuer and/or the Guarantor under the Senior Secured Notes and other obligations permitted to be secured *pari passu* with the Senior Secured Notes. You may not be able to recover on the shares and other Collateral that are pledged or assigned because any enforcement sale with respect to such Collateral and the Senior Secured Notes will need to share any proceeds from such enforcement with the creditors under the Revolving Credit Facility, the Senior Secured Notes and certain hedging counterparties as well as any other secured creditors permitted to share in such Collateral. If the proceeds realized from the enforcement of such pledges or such sale or sales do not exceed the amount owed by the relevant providers of Collateral under certain hedging obligations, the Revolving Credit Facility, the Senior Secured Notes and such other secured debt, the creditors under such secured obligations which will all share ratably with respect to such amount and the holders of Senior Secured Notes will not fully recover (if at all) under such Collateral. In addition, the Indenture governing the Senior Secured Notes will allow incurrence of certain additional permitted debt in the future that is secured by the Collateral on a *pari passu* basis. The incurrence of any additional debt secured by the Collateral would reduce amounts payable to you from the proceeds of any sale of the Collateral.

To the extent that any other security interests permitted under the Revolving Credit Facilities, the Senior Notes Indenture and the Indenture, and other rights encumber the Collateral securing the Senior Secured Notes, those parties may have and may exercise rights and remedies with respect to the Collateral that could adversely affect the value of the Collateral and the ability of the Security Agent to realize, sell or foreclose (in each case in accordance with the Security Documents and the Intercreditor Agreement) on the Collateral.

The pledge over the shares of French TopCo, the Issuer, Picard International and Picard Surgelés which will be governed by French law, are pledges over financial securities account (*nantissement de compte de titres financiers*) in which the shares of those companies are registered. In France, no lien searches are available for security interests which are not registered, such as pledges over securities accounts (*nantissements de comptes de titres financiers*). As a result, no assurance can be given on the priority of the pledge over the securities account in which the shares of French TopCo Issuer, the Issuer, Picard International and Picard Surgelés are registered.

The Issuer and the Guarantors will have control over the Collateral securing the Senior Secured Notes, and the sale of particular assets could reduce the pool of assets securing the Senior Secured Notes.

The Security Documents, subject to the terms of the Revolving Credit Facility, the Senior Notes Indenture and the Indenture, allow the Issuer and the Guarantors to remain in possession of, retain control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Senior

Secured Notes. So long as no default or event of default under the Revolving Credit Facility, the Senior Notes Indenture or the Indenture is occurring or would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Security Agent, conduct ordinary course activities with respect to the Collateral, such as selling or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness.

It may be difficult to realize the value of the Collateral securing the Senior Secured Notes.

The Collateral securing the Senior Secured Notes is subject to any and all exceptions, defects, encumbrances, liens, security interests and other imperfections permitted under the Revolving Credit Facility, the Indenture and the Senior Notes Indenture and accepted by other creditors that have the benefit of *pari passu* security interests in the Collateral securing the Senior Secured Notes from time to time pursuant to the provisions of the Intercreditor Agreement, whether on or after the date the Senior Secured Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens, security interests and other imperfections could adversely affect the value of the Collateral securing the Senior Secured Notes, as well as the ability of the Common Security Agent 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, or statutory liens.

The ability of the Security Agent to enforce on the Collateral located in a particular jurisdiction or governed by the law of a particular jurisdiction is subject to mandatory provisions of the law of such jurisdiction. Enforcement of the Collateral may also be subject to certain statutory limitations and defenses or to limitations contained in the terms of the Security Documents designed to ensure compliance with applicable statutory requirements.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests over property such as the Collateral. For example, the Security Agent may need to obtain the consent of a third party, including in some cases certain regulatory consents, to enforce a security interest. We cannot assure you that the Security Agent 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 Agent may not have the ability to foreclose upon those assets, the value of the Collateral may significantly decrease and in any enforcement action, the Collateral would have to be offered first to such party, which could cause delays in the enforcement process or lead to a less competitive bidding process for such assets and thus a lower level of recovery therefrom.

Under Italian law, the beneficiary of a security interest must be clearly identified and indicated in the relevant security instrument. Due to the difficulty of clearly identifying and keeping track of the names of the individual holders of the Senior Secured Notes over time, there is a risk that holders of the Senior Secured Notes who are not identified in the relevant security instrument as registered holders may not be able to validly enforce their security interests in the Collateral located in Italy. In order to mitigate this risk, the Collateral located in Italy also secures directly, the Parallel Debt. However, the enforceability of security granted in favor of the creditor of a parallel debt has not been tested in Italian courts and therefore it cannot be excluded that the parallel debt will not per se eliminate or mitigate the risk of unenforceability of the Collateral located in Italy. In addition, to the extent that the security interests in the Collateral located in Italy created under the parallel debt structure are successfully challenged by other parties, holders of the Senior Secured Notes will not receive any proceeds from an enforcement of the security interest in the relevant Collateral.

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor’s property in respect of the claims of other creditors.

Not all of the assets will be included in the Collateral and the value of the Collateral securing the Senior Secured Notes may not be sufficient to satisfy our obligations under the Senior Secured Notes and such Collateral may be reduced or diluted under certain circumstances.

The Senior Secured Notes and/or the Guarantees are secured by (i) pledges of certain intercompany loans between the Guarantors, (ii) pledges of certain bank accounts of the Issuer and the Guarantors, (iii) pledges of the ordinary shares of LuxCo 3, LuxCo 4, French TopCo, the Issuer, Picard Surgelés, Picard I Surgelati S.p.A. and Picard International S.A.S., (iv) pledges of the LuxCo 3 PECs and LuxCo 4 PECs and (v) a pledge of certain intellectual property rights of Picard Surgelés, each on a first-ranking basis or, in the case of certain security interests governed by French law, on a second-ranking basis (which under the Intercreditor Agreement will be deemed to be secured on a first-ranking basis) and on a *pari passu* basis with the Revolving Credit Facility. See "*Description of the Senior Secured Notes—Security*".

All or part of the Collateral may be released without the consent of holders of the Senior Secured Notes under certain circumstances, see "*—There are circumstances other than repayment or discharge of the Senior Secured Notes under which the Collateral securing the Guarantees of the Senior Secured Notes will be released automatically and under which the Guarantees of the Senior Secured Notes will be released automatically, without your consent or any action on the part of the Trustee*" and "*Description of the Senior Secured Notes—Security—Release*". If an event of default occurs and the Senior Secured Notes are accelerated, the Senior Secured Notes will rank equally with the holders of other unsubordinated and unsecured indebtedness with respect to any assets that do not make up part of the Collateral. To the extent the claims of holders of the Senior Secured Notes exceed the value of the assets securing the Senior Secured Notes and other liabilities, claims related to any assets that do not make up a part of the Collateral will rank equally with the claims of the holders of any other unsecured indebtedness. As a result, if the value of the assets pledged as security for the Senior Secured Notes is less than the value of the claims of the holders of the Senior Secured Notes together with any claims of the holders of any indebtedness secured on a senior basis to the Senior Secured Notes or a *pari passu* basis with the Senior Secured Notes, including the Revolving Credit Facility, those claims may not be satisfied in full before our unsecured creditors are permitted to make claims against the Picard Group assets that do not make up part of the Collateral (such claims generally ranking equally with those of the holders of the Senior Secured Notes and other unsecured creditors).

In the event of an enforcement of the pledges in respect of the Senior Secured Notes, the proceeds from the sale of the assets underlying the pledges may not be sufficient to satisfy the Issuer's obligations with respect to the Senior Secured Notes. The value of the assets underlying the pledges will also depend on many factors, including, among other things, whether or not the business is sold as a going concern, the ability to sell the assets in an orderly sale, the condition of the economies in which operations are located and the availability of buyers and whether approvals required to purchase the business would be available to a buyer of the assets.

The shares and other Collateral that are pledged or assigned for the benefit of the holders of the Senior Secured Notes may provide for only limited repayment of the Senior Secured Notes, in part because most of these shares or other assets may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. Most of our assets will not secure the Senior Secured Notes and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. With respect to any shares of our subsidiaries pledged to secure the Senior Secured Notes and the Guarantees, such shares may also have limited value in the event of a bankruptcy, insolvency or other similar proceedings because all of the obligations of the subsidiaries whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the holders of the Senior Secured Notes secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of this Collateral may decline over time.

The Indenture will also permit the granting of certain liens other than those in favor of the holders of the Senior Secured Notes on the Collateral. To the extent that holders of other secured indebtedness or third parties enjoy liens, including statutory liens, whether or not permitted by the Indenture or the Security

Documents, such holders or third parties may have rights and remedies with respect to the Collateral that, if exercised, could reduce the proceeds available to satisfy our obligations under the Senior Secured Notes. Moreover, if we issue additional notes under the Indenture, holders of such additional notes would benefit from the same collateral as the holders of the Senior Secured Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral.

The Senior Secured Notes will be secured only to the extent of the value of the assets that have been granted as security for the Senior Secured Notes.

If there is an event of default on the Senior Secured Notes, the holders of the Senior Secured Notes will be secured only to the extent of the value of the assets that have been granted as security for the Senior Secured Notes. Most of our assets will not secure the Senior Secured Notes. In addition, in the future, the obligations to provide additional Guarantees and grant additional security over assets, whether as a result of the acquisition or creation of future assets or subsidiaries or otherwise, are, in certain circumstances, linked to our obligations under the Revolving Credit Facility Agreement, subject to certain agreed security principles. To the extent that lenders under the Revolving Credit Facility Agreement are granted security, the negative pledge in the Indenture may require such security to also be granted for the benefit of holders of the Senior Secured Notes. The agreed security principles set forth in the Revolving Credit Facility Agreement contain a number of limitations on the rights of the lenders to be granted security in certain circumstances. The operation of the agreed security principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted or perfected over a particular type or class of assets. Accordingly, the agreed security principles may affect the value of the security provided by the Issuer and the Guarantors.

To the extent that the claims of the holders of the Senior Secured Notes exceed the value of the assets securing those Senior Secured Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Senior Secured Notes. As a result, if the value of the assets pledged as security for the Senior Secured Notes is less than the value of the claims of the holders of the Senior Secured Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid.

Investors' 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 tangible and intangible 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 Senior Secured Notes may not be perfected with respect to the claims of the Senior Secured Notes if we or the Security Agent fails or is unable to take the actions we are required to take to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, only be perfected at or promptly following the time such property and rights are acquired and identified.

Under the laws of certain jurisdictions, the security interests granted in favor of holders of the Senior Secured Notes may not rank senior to the security interests granted in favor of holders of the Senior Notes, and we are relying on the Intercreditor Agreement to achieve a first priority lien in respect of the Collateral securing the Senior Secured Notes.

Under the laws of certain jurisdictions, we entered into new security documents over the Collateral in order to secure the indebtedness represented by the Senior Secured Notes. In certain jurisdictions (including France), the security interests granted under those additional security documents may, because they are being granted at a later point in time or on a second-ranking basis, rank second to security interests securing the Collateral granted in favor of the Senior Notes. In particular, any pledges subject to French law may be second-priority liens or be of an even lower ranking as a result of mandatory French law provisions. Creditors of the grantors of those security interests or an appointed insolvency administrator may contest the validity and/or enforceability of such security interests.

In case any of the security providers was to be declared bankrupt by the competent court, the court would establish a period before the bankruptcy judgment within which the court appointed bankruptcy receiver will have to carefully consider any transactions entered into during this so-called “hardening period”. With the exception of any security interest being financial collateral arrangements within the meaning of the Luxembourg law of 5 August 2005 on financial collateral arrangements, as amended, any security interest entered into during the so-called “hardening period” will be analysed by the court appointed bankruptcy receiver and may be, as the case may be, challenged by the court appointed bankruptcy receiver and may be declared void or ineffective by a competent court.

Second-ranking security in France

The creation and enforcement of second ranking pledges over certain assets (such as receivables) has not been tested before French courts, and there can be no assurance that second ranking pledges over such assets would be upheld if tested. Accordingly, there is a risk that a second ranking pledge over such assets may be held void or unenforceable by a French court. Although there is no express prohibition under French law on granting a second or lower ranking pledge over a securities account in which the shares or other securities of a French company are registered, some legal commentators have queried whether a second or lower ranking pledge is legally permissible to the extent that a pledge of a securities account is deemed, according to some legal scholars and practitioners, to remove the securities account from the possession of the grantor, thereby preventing such grantor from granting further, second or lower ranking pledges thereon. In order to create second ranking share pledges certain legal scholars and practitioners are of the view that it is possible to place the shares under the custody of an agreed third-party (*entiercement*). In the absence of French case law in this respect, no assurance can be given, however that a court would concur with such beliefs and positions.

Pursuant to the terms of the Intercreditor Agreement, the Senior Secured Notes and/or the obligations of the Guarantors under the Guarantees will be deemed to be secured by the applicable Security Documents on a senior basis to the Senior Notes (other than the Guarantee by Picard Bondco) and on a *pari passu* basis with the Revolving Credit Facility, certain *pari passu* debt and certain hedging obligations. Therefore, the ranking of the security interests granted in favor of holders of the Senior Secured Notes in such jurisdictions will depend on the enforceability of the Intercreditor Agreement. As a result, if the Intercreditor Agreement or the relevant provisions thereof were found to be invalid or held to be unenforceable for any reason, or if an administrator refuses to give effect to it, the holders would not benefit from such first-priority treatment and the security interests granted in favor of holders of the Senior Secured Notes in these jurisdictions would rank behind and be subordinated to any first-priority security interests, including security interests granted in favor of the Senior Notes.

There are circumstances other than repayment or discharge of the Senior Secured Notes under which the Collateral securing the Guarantees will be released automatically and under which the Guarantees will be released automatically, without your consent or any action on the part of the Trustee.

Under various circumstances, Collateral securing the Senior Secured Notes and the Guarantees will be released automatically, including the following:

- upon release of a Guarantee (with respect to the liens securing the Senior Secured Notes and such Guarantee granted by such Guarantor and the liens securing the capital stock of such Guarantor);
- subject to certain conditions, in connection with any disposition of Collateral, other than to the Issuer or any of its subsidiaries, permitted by the Indenture;
- in connection with certain enforcement actions taken by the creditors under certain of our secured indebtedness as provided under the Intercreditor Agreement;
- in connection with any disposition of a Guarantor or any of its subsidiaries permitted by the Indenture, other than to the Issuer or any of its subsidiaries, the release of the assets of such Guarantor or subsidiary and pursuant to which any applicable Guarantee is released, the release of the assets of such Guarantor or subsidiary;

- as may be permitted by the covenant described under "*Description of the Senior Secured Notes—Certain covenants—Impairment of security interest*";
- upon legal defeasance, covenant defeasance or discharge of the Indenture;
- as may be permitted by the provisions described under "*Description of the Senior Secured Notes—Amendment, Supplement and Waiver*" and "*Description of the Senior Secured Notes—Certain covenants—Disapplication of Double LuxCo Covenants upon Qualifying IPO*"; and
- as may be permitted by the covenant described under "*Description of the Senior Secured Notes—Certain covenants—Negative pledge*".

In addition, under various circumstances, the Guarantees will be released automatically, including the following:

- in the case of a Guarantee of a Guarantor, a sale or other disposition (including by way of consolidation or merger) of capital stock of the relevant Guarantor or of a parent thereof, such that such Guarantor ceases to be a subsidiary, or the sale or disposition of all or substantially all the assets of the relevant Guarantor (other than to the Issuer or a subsidiary), in each case in a transaction otherwise permitted by the Indenture;
- defeasance or discharge of the Senior Secured Notes, as provided in "*Description of the Senior Secured Notes—Defeasance*" and "*Description of the Senior Secured Notes—Satisfaction and discharge*";
- in connection with certain enforcement actions taken by the creditors under certain of our secured indebtedness as provided under the Intercreditor Agreement;
- as may be permitted by the covenant described under "*Description of the Senior Secured Notes—Additional Guarantees*";
- as may be permitted by the covenant described under "*Description of the Senior Secured Notes—Certain covenants—Merger, Consolidation or Sale of Assets*"; and
- as may be permitted by the provisions described under "*Description of the Senior Secured Notes—Certain covenants—Disapplication of Double LuxCo Covenants upon Qualifying IPO*".

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

The Senior Secured Notes are denominated and payable in euros. If investors measure their investment returns by reference to a currency other than euros, an investment in the Senior Secured 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 the investor measures the return on his 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 an investor measures the return on his investments could cause a decrease in the effective yield of the Senior Secured Notes below their stated coupon rates and could result in a loss to investors when the return on the Senior Secured Notes is translated into the currency by reference to which the investor measures the return on his investments. Investments in the Senior Secured Notes denominated in a currency other than U.S. dollars by U.S. investors may also have important tax consequences as a result of foreign exchange gains or losses, if any. See "*Certain Tax Considerations—Material U.S. Federal Income Tax Considerations*".

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

The Issuer and the Guarantors and their respective 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 and the Guarantors are non-residents of the United States. Although the Issuer and the Guarantors 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 the directors and executive officers of the Issuer and the Guarantors. In addition, as all of the assets of the Issuer and the Guarantors and their respective subsidiaries and those of their directors and executive officers are located outside of the United States, you may be unable to enforce against them judgments obtained in the U.S. courts. Moreover, in light of decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantors 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 France or Luxembourg. There is, therefore, doubt as to the enforceability in France or Luxembourg of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in France or Luxembourg. In addition, the enforcement in France or 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 French or Luxembourg court would have the requisite power or authority to grant remedies sought in an original action brought in France on the basis of U.S. securities laws violations. For further information see "*Service of Process and Enforcement of Civil Liabilities*".

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 Senior Secured Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Senior Secured 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 Senior Secured Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Senior Secured Notes.

Transfer of the Senior Secured Notes will be restricted, which may adversely affect the value of the Senior Secured Notes.

Because the Senior Secured Notes and the Guarantees have not been and will not have be, and are not required to be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States except to QIBs in accordance with Rule 144A, in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Senior Secured Notes. It is the obligation of investors in the Senior Secured Notes to ensure that all offers and sales of the Senior Secured Notes within the United States and other countries comply with applicable securities laws. For further information, see "*Transfer Restrictions*".

The Senior Secured Notes are initially being held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Senior Secured Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream, Luxembourg.

Interests in the global Senior Secured Notes will trade in book-entry form only, and Senior Secured Notes in definitive registered form, or definitive registered Senior Secured Notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests are not and will not be considered owners or holders of Senior Secured Notes. The common depositary, or its nominee, for Euroclear and Clearstream, Luxembourg will be the sole registered holder of the global Senior Secured Notes representing the Senior Secured Notes. Payments of principal, interest and other amounts owing on or in respect of the global Senior Secured Notes representing the Senior Secured Notes will be made to the Principal Paying Agent, which will make payments to Euroclear and Clearstream, Luxembourg. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global Senior Secured Notes representing the Senior Secured Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, Luxembourg, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if investors own a book-entry interest, they must rely on the procedures of Euroclear and Clearstream, Luxembourg, and if investors are not participants in Euroclear and Clearstream, Luxembourg, they must rely on the procedures of the participant through which they own their interest, to exercise any rights and obligations of a holder of Senior Secured Notes under the Indenture.

Unlike the holders of the Senior Secured Notes themselves, owners of book-entry interests do not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Senior Secured Notes. Instead, if an investor owns a book-entry interest, it is permitted to act only to the extent it has received appropriate proxies to do so from Euroclear and Clearstream, Luxembourg. The procedures implemented for the granting of such proxies may not be sufficient to enable such investor to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Senior Secured Notes are issued in respect of all book-entry interests, if investors own book-entry interests, they will be restricted to acting through Euroclear and Clearstream, Luxembourg. The procedures to be implemented through Euroclear and Clearstream, Luxembourg may not be adequate to ensure the timely exercise of rights under the Senior Secured Notes. See "*Book Entry: Delivery and Form*".

The insolvency and administrative laws of Luxembourg, France and Italy, as the case may be, may not be favorable to creditors, including investors in the Senior Secured Notes and may limit your ability to enforce your rights under the Senior Secured Notes, the Guarantees or the security interests in the Collateral.

The Senior Secured Notes were issued by the Issuer, a *société par actions simplifiée* formed under the laws of France, and are guaranteed by the Guarantors, which are incorporated under the laws of France and Luxembourg. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in France, Luxembourg and the United States. Proceedings could also be initiated in Luxembourg and France to enforce your rights against Collateral located in those jurisdictions. Such multijurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. There can also be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Guarantors' jurisdictions of organization may be materially different from, or in conflict with, those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the Senior Secured Notes, the Guarantees and the Collateral in those jurisdictions or limit any amounts that you may receive.

Finally, pursuant to the EU Council Regulation No. 1346/2000 on insolvency proceedings, the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company has its "centre of main interests". Therefore, to the extent that the "centre of main interests" of the Issuer is deemed to be in France or in Italy, courts of France or Italy may have jurisdiction over the insolvency proceedings of the Issuer (or a French Guarantor). Equally, the courts of Luxembourg may have jurisdiction over the insolvency of a Guarantor incorporated in the Grand Duchy of Luxembourg.

The following is a brief description of certain aspects of insolvency law in France, Italy and Luxembourg and the EU Insolvency Regulation.

France

The Issuer, Picard Surgelés and French TopCo are organized in France and, consequently, to the extent that the center of their respective main interests is deemed to be in France, could be subject to French insolvency proceedings affecting creditors, including court-assisted pre-insolvency proceedings (*mandat ad hoc* proceedings or conciliation proceedings (*procédure de conciliation*)), and court-controlled insolvency proceedings (safeguard proceedings (*procédure de sauvegarde*), accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*) and reorganization or liquidation proceedings (*redressement ou liquidation judiciaire*)). In general, French insolvency legislation favors the continuation of a business and protection of employment over the payment of creditors and could limit the ability of holders of the Senior Secured Notes to enforce their rights under the Senior Secured Notes. The following is a general discussion of insolvency proceedings governed by French law for informational purposes only and does not address all the French legal considerations that may be relevant to holders of the Senior Secured Notes.

Insolvency (*cessation des paiements*) under French law

Under French law, a company is deemed in a state of *cessation des paiements* when it is not able to pay its debts which are due with its available assets taking into account credit lines available to it, debt rescheduling which its creditors have granted to it.

Grace periods

In addition to insolvency laws discussed below, as our creditors the holders of the Senior Secured Notes could also be subject to article 1244-1 et seq. of the French Civil Code (*Code civil*).

Pursuant to the provisions of this article, French courts may, in any civil proceeding involving the debtor, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations and decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate that is lower than the contractual rate (but not lower than the prevailing legal rate as published annually by decree) or that payments made shall first be allocated to repayment of principal. A court order made under article 1244-1 of the French civil code will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not accrue or be due during the period ordered by the relevant court.

When the debtor benefits from the opening of a *conciliation* proceeding, these provisions shall be read in combination with Article L 611-7 of the French Commercial Code (*see below*).

Warning Procedure (*procedure d'alerte*)

In order to anticipate a debtor's difficulties to the extent possible, French law provides for warning procedures. Indeed, when there are elements which they believe put the company's existence as a going concern in jeopardy, the statutory auditors of a company can request the management to provide an explanation. Failing satisfactory explanations or corrective measures, the auditors can request that a board of directors (or the equivalent body), and, at a later stage, the shareholders' meeting be convened. Depending on the answers provided to them (and the type of company), the auditors can or must inform the President of the relevant Commercial Court of the warning procedure.

Shareholders representing at least 5% of the share capital and the workers' committee (or, in their absence, the employees' representatives) have similar rights.

The President of the Commercial Court can also himself summon the management to provide explanations on elements which the President of the court believes put the company's existence as a going concern in jeopardy (or when the company has not filed its financial statements within the statutory timeframe, despite his injunction).

Court-assisted pre-insolvency proceedings

Pre-insolvency proceedings may only be initiated by the debtor company itself, in its sole discretion; provided that it experiences or anticipates legal, economic or financial difficulties:

(i) while not being in a state of *cessation des paiements* in case of *mandat ad hoc* or conciliation proceedings, or

(ii) while being in a state of *cessation des paiements* for less than 45 days in case of conciliation proceedings only.

Mandat ad hoc and conciliation proceedings are informal and confidential (subject to the details below as regards conciliation proceedings) proceedings carried out under the supervision of the president of the court. The President of the competent court will appoint a trustee (as the case may be, a *mandataire ad hoc* or a *conciliateur*) in order to help the debtor company reach an agreement with its main creditors and stakeholders, in particular by reducing or rescheduling its indebtedness. The debtor may propose, in the filing for the commencement of the proceedings, the appointment of a particular person as trustee. Such proceedings are non-binding since the court-appointed trustee has no power to force the parties to accept an agreement and the dissenting creditors will not be bound by the arrangement, if any. Creditors are not barred from taking legal action against the company to recover their claims, but, in practice, they generally abstain from doing so.

Mandat ad hoc proceedings

There is no time limit for the duration of *mandat ad hoc* proceedings The agreement reached by the parties (if any) can be reported to the President of the court but, unlike in conciliation proceedings, French law does not provide for any sanction by the Court or recognition by the President of the court with the related specific consequences.

In any event, the debtor retains the right to petition the court for a grace period as set forth in Article 1244-1 and seq. of the French Civil Code.

Conciliation proceedings

Conciliation proceedings may last up to five months.

If an agreement is reached among the parties in the context of conciliation proceedings, any individual proceedings by creditors with respect to the claims included in the rescheduling agreement are suspended. Joint debtors, personal guarantors, or any third party that granted a security interest can benefit from the provisions of the sanctioned or acknowledged agreement.

The agreement may be either recognized (*constaté*) by the president of the court at all parties' request or, at the request of the debtor (and provided that certain conditions are satisfied, i.e. that (i) the debtor is not in *cessation des paiements* or the *conciliation* agreement puts an end to such *cessation des paiements*, (ii) the agreement does not infringe upon the rights of the non-signatory creditors and (iii) it effectively ensures that the company will survive as a going concern), sanctioned (*homologué*) by the court.

While recognition (*constatation*) of the agreement by the president of the court does not entail any specific consequences, other than to render the agreement immediately enforceable and binding upon the parties thereto, sanction (*homologation*) by the court has the following consequences:

- the judgment will make the conciliation proceedings public (however, disclosure only of the existence of the conciliation proceedings and not of the content of the agreement except the Guarantees and privileges as well as the amount of "new money" detailed below, as provided for in the agreement);
- creditors who, as part of the sanctioned agreement, provide new money or goods or services designed to ensure the continuation of the business of the distressed company (other than shareholders providing new equity) will enjoy priority of payment over all pre-petition and post-petition claims (other than certain pre-petition employment claims and procedural costs), in the event of subsequent safeguard proceedings (including accelerated financial safeguard proceedings, judicial reorganization proceedings or judicial liquidation proceedings; or

- in the event of subsequent judicial reorganization proceedings or judicial liquidation proceedings, the date of the *cessation des paiements* (and therefore the starting date of the "hardening period" as defined below) cannot be determined by the court to be at a date earlier than the date of the sanction of the agreement by the court, except in case of fraud.

In case of breach of the agreement, whether sanctioned or recognized, any party thereto can petition the court for its rescission. The commencement of subsequent insolvency proceedings will automatically put an end to the conciliation agreement, in which case the creditors will recover their claims and security interests, to the exception of those amounts already paid to them.

In addition, the company retains the right to petition the court for debt rescheduling pursuant to article 1244-1 of the French Civil Code as described above. In that case, the President of the Court who opened the conciliation proceeding has jurisdiction and will take his/her decision after having been informed by the conciliator (*conciliateur*).

Conciliation proceedings, in the context of which a draft plan has been negotiated and is supported by a large majority of creditors without reaching unanimity, will be a mandatory preliminary step of the accelerated financial safeguard proceedings as described below.

<u>Court-controlled insolvency proceedings</u>

The following French insolvency proceedings may be initiated by or against a company in France:

(a) safeguard proceedings (*procédure de sauvegarde*), if, while not being in a state of (*cessation des paiements* (as defined below), it is facing difficulties which it cannot overcome;

(b) accelerated financial safeguard proceedings (*procédure de sauvegarde financière accélérée*) were instituted pursuant to amendments to the French Commercial Code dated October 22, 2010 (law n°2010-1249), March 22, 2012 (law n°2012-387) and September 20, 2012 (decree n°2012-1071) to expedite purely financial difficulties of large companies with (i) either more than 150 employees or turnover greater than €20 million or (ii) whose total balance sheet exceeds (a) €25 million or (b) €10 million if they control another company (α) which has more than 150 employees or (ß) whose turnover for the previous financial year is greater than €20 million or (γ) whose total balance sheet exceeds €25 million. The debtor must (i) not be in a state of *cessation des paiements* and must face difficulties which it is not able to overcome, (ii) be subject to ongoing conciliation proceedings and (iii) in the context of conciliation proceedings have prepared a draft safeguard plan ensuring the continuation of his business as a going concern supported by enough of its financial creditors (i.e., credit institutions and bondholders) to render likely its adoption by the credit institutions' committee and the bondholders' meeting if any within a maximum of two months of the opening of the proceedings. These proceedings apply solely to debt owed to financial institutions and bondholders, which are subject to an automatic stay and dealt with under the safeguard plan, other debts continuing to be paid in the ordinary course of business (e.g. trade debt or debt to the tax or social security administrations) in accordance with their contractual or legal terms

(c) judicial reorganization (*redressement judiciaire*) or judicial liquidation (*liquidation judiciaire*) proceedings if such company is in *cessation des paiements*. Judicial reorganization proceedings are available to companies whose recovery prospects are possible while judicial liquidation proceedings are available to companies whose recovery is manifestly impossible.

The proceedings may be initiated against the company before the relevant court:

- in the event of (a) and (b) above, upon petition by the company only; and
- in the event of (c) above, upon petition by the company, any creditor or the public prosecutor. A recent decision from the French Constitutional Court dated 7 December 2012 n°2012-286 QPC held anti-constitutional the opening by the Court at its own initiative of judicial reorganization proceedings. Further to this decision, it cannot be ruled out that, likewise, the constitutionality of the opening of liquidation proceedings, when it is decided upon the judge's own initiative, be challenged.

While a company may file for safeguard proceedings or accelerated financial safeguard at any time it is facing insurmountable difficulties, it is required to petition for the opening of judicial reorganization or judicial liquidation proceedings within 45 days of becoming unable to pay its due debt out of its available assets. If it does not, and has not petitioned the relevant court for the opening of such proceedings or is not in conciliation proceedings, directors and, as the case may be, *de facto* managers of the company, are subject to civil liability.

The observation period and its outcome

The period from the date of the court decision commencing the insolvency proceedings and until the court makes a decision on the outcome of the proceedings is called the observation period (*période d'observation*) and may last up to 2 months under an accelerated financial safeguard proceeding or to 12 months (with six additional months under exceptional circumstances) under a safeguard or judicial reorganization proceeding. In liquidation proceedings, the court may authorize a continuation of activity for three months, which may be renewed once. During the observation period, a court-appointed administrator, whose name can be suggested by the debtor, investigates the business of the company.

In safeguard proceedings, the administrator's mission is limited to either supervising the debtor's management or primarily assisting it in preparing a safeguard plan for the company. In judicial reorganization proceedings, the administrator's mission is usually to assist the management and to make proposals for the reorganization of the company, which proposals may include a reorganisation plan (equivalent to a safeguard plan) and/or the sale of all or part of the company's business to a third party. In judicial reorganization, the court may also decide that the administrator will manage the company alone by replacing the debtor's management.

At the end of the observation period, if it concludes that the company can survive as a going concern, the court will adopt a safeguard or a reorganization plan, which will essentially provide for a restructuring and/or rescheduling of debts but may only entail the partial divesture of assets rather than the entire business, to a third party (a sale of the entire business is not possible in a safeguard plan). Unlike in safeguard proceedings, at the end of the observation period of judicial reorganization proceedings and, alternatively to a reorganization plan, the court may determine that all or part of the business should be sold to purchasers who have submitted bids.

At any time during the observation period, the court may convert the safeguard proceedings into reorganization proceedings (i) upon its own initiative or at the request of either of the debtor, the administrator, the creditors' representative or the public prosecutor, if the debtor enters into *cessation des paiements*, or (ii) at the debtor's request, if the approval of the safeguard plan is manifestly impossible and if the company would become in cessation des paiements should safeguard proceedings be closed. At any time during the observation period, the court can order the liquidation of the company if the debtor is in cessation des paiements and its rescue has become manifestly impossible. However, it cannot be ruled out that further to the decision from the French Constitutional Court dated 7 December 2012 n°2012-286 QPC the constitutionality of the conversion of a safeguard into judicial reorganization or liquidation proceedings, when it is decided upon the court's own initiative, be challenged.

If the court adopts a safeguard plan, a reorganization plan or a plan for the sale of the business, it can set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

Creditors' committees and adoption of the safeguard or reorganization plan

During the observation period, in the case of large companies (with more than 150 employees or turnover greater than €20 million), or where authorized by the supervising judge for smaller companies, two creditors' committees (one for credit institutions having a claim against the debtor or entities having granted credit or advances in favor of the debtor and the other for suppliers having a claim that represents more than 3% of the total amount of the claims of all the debtor's suppliers—the smaller suppliers, if invited by the administrator, may elect to be members of such committee) have to be established. To be eligible to vote, suppliers must have their claims set forth in the list provided by the debtor to the administrator as certified by the debtor's statutory auditors (or, in their absence, its accountant). However, in the case of accelerated financial safeguard proceedings, only the credit institutions' committee is established.

If there are any outstanding debt securities in the form of "obligations" (such as bonds or notes), a general meeting gathering all holders of such debt securities will be established whether or not there are different issuances and no matter what the governing law of those "obligations" is (the "bondholders general meeting"). The Senior Secured Notes offered hereby constitute "obligations" for purposes of a safeguard or reorganization proceeding and the Noteholders would therefore vote within the bondholders general meeting.

These creditors' committees and the bondholders' general meeting will be consulted on the safeguard or reorganization plan drafted by the debtor's management together with the judicial administrators during the observation period.

The draft plan submitted to the committees and the bondholders:

- must take into account subordination agreements entered into by the creditors before the opening of the proceedings;
- may treat creditors differently if it is justified by their differences in situation; and
- may notably include a rescheduling or cancellation of debts and debt-for-equity swaps.

In the first instance, the plan must either be approved by each of the two creditors' committees or, in the case of the accelerated financial safeguard proceedings, by the sole credit institutions' committee. Each committee must announce whether its members approve or reject such plan within 20 to 30 days of its proposal by the company (such time can be reduced or extended by the supervising judge, at the request of the debtor or the judicial administrator, it being noted that it cannot last less than 15 days). Such approval requires the affirmative vote of the members of each committee holding at least two-thirds of the amount of the claims held by members of such committee that expressed a vote.

Following the approval of the plan by the two creditors' committees (or the sole credit institutions' committee in the case of accelerated financial safeguard proceedings), the plan will be submitted for approval to the bondholders' general meeting. The approval of the plan at such meeting requires the affirmative vote of bondholders representing at least two-thirds of the principal amount of the obligations held by bondholders who expressed a vote in the bondholders' general meeting.

Creditors for whom the plan does not provide any modification of their repayment schedule or provides for a payment of their claims in cash in full as soon as the plan is adopted or as soon as their claims are admitted do not take part in the vote. For those creditors outside such committees or where no such committees have been convened, the creditors' representative may elect not to consult them.

Following approval by the requisite creditors' committees and the bondholders' general meeting, the plan has to be approved (*arrêté*) by the relevant court. In considering such approval, the court has to verify that the interests of all creditors are sufficiently protected. Once approved by the relevant court, the safeguard or reorganization plan accepted by the committees and the bondholders' general meeting will be binding on all the members of the committees and all bondholders (including those who did not vote or voted against the adoption of the plan), as well as those creditors outside such committees / general meeting (it being noted that they can only be imposed debt rescheduling by the court as detailed below).

In the event any of the committees or the bondholders' general meeting has refused to give its consent to the plan (or has not rendered its decision within 6 months of the opening judgment), the plan will not be approved by the court which can still adopt a safeguard plan in the time remaining until the end of the observation period, in which case a consultation of the creditors on an individual basis will take place. They will be asked whether they accept rescheduling, cancellation of debt and/or debt-for-equity swaps provided for in the draft plan. Where the consultation is in writing, the creditor is deemed to have accepted the debt rescheduling and/or write-offs proposal if he fails to respond within thirty days upon receipt of the creditors' representative letter. However, in respect to debt-to-equity swap proposals, the creditors' representative must obtain the agreement of each individual creditor in writing within this 30-day timeframe. In those circumstances, the court has the right to accept or reduce debt deferrals or write-offs with respect to the claims of creditors who have consented to such measures, but it may only impose uniform debt deferrals (with interest for debts with an initial maturity of more than one year) for a maximum period of 10 years with respect to the claims of non-consenting creditors except for claims with maturity dates of more than ten years, in which case the maturity date shall remain the same. The court cannot impose on them debt write-offs or debt-to-equity swaps. The same rule applies with respect to creditors who are not members of the committees, or where no such committees nor general meeting of bondholders are convened. These provisions are not applicable to accelerated financial safeguard proceedings. Where accelerated financial safeguard is opened, the credit institutions' committee and the bondholders' general meeting are convened and are required to vote on the proposed safeguard plan within a minimum period of eight days of delivery of the proposed plan (as compared to a minimum period of 15 days for the regular safeguard). The total duration of the accelerated financial safeguard (i.e., the period between the judgment opening the accelerated financial safeguard proceedings and the judgment adopting the plan) is one month, unless the court decides to extend it by one additional month. In the event the credit institution committee or the bondholders' general meeting has refused to give its consent to the plan, the plan will not be approved by the court, and the court will terminate the accelerated financial safeguard proceedings.

The "hardening period" (*période suspecte*) in judicial reorganization and liquidation proceedings

The date when the debtor becomes unable to pay its due debts is generally deemed to be the date of the court decision commencing the judicial reorganization or judicial liquidation proceedings. However, in the decision commencing judicial reorganization or liquidation proceedings or in a subsequent decision, a court may decide that the date when the debtor became unable to pay its debts be deemed to be an earlier date of up to 18 months prior to the court decision commencing the proceedings. The date when the debtor became unable to pay its debt is important because it marks the beginning of the "hardening period". Certain transactions entered into by the debtor during the hardening period are, by law, void or voidable by the court.

Automatically void transactions include transactions or payments entered into during the hardening period that may constitute voluntary preferences for the benefit of some creditors to the detriment of other creditors. These include transfers of assets for no consideration, contracts under which the reciprocal obligations of the debtor significantly exceed those of the other party, payments of debts not due at the time of payment, payments made in a manner which is not commonly used in the ordinary course of business, security granted for debts previously incurred and provisional measures, unless the right of attachment or seizure predates the date of *cessation des paiements*, share options granted or sold during the hardening period the transfer of any assets or rights to a trust arrangement (*fiducie*) (unless such transfer is made as a security for debt incurred at the same time), and any amendment to a trust arrangement (*fiducie*) that dedicates assets or rights as a guaranty of pre-existing debts.

Voidable transactions include, (i) transactions for consideration entered into, (ii) payments made on accrued debts after the date of *cessation des paiements* or (iii) notices of attachments made to third parties (*avis à tiers détenteur*), seizures (*saisie attribution*) and oppositions, in each case, if such actions are taken after the debtor was in *cessation des paiements* and the party dealing with the debtor knew that the debtor was in *cessation des paiements* at that time. In addition, transactions relating to transfers of assets for no consideration are also voidable when carried out during the six-month period prior to the beginning of the hardening period.

There is no hardening period prior to the opening of safeguard or Accelerated Financial Safeguard proceedings, since the condition required to commence such proceedings is that the company is not insolvent within the meaning of French law.

Protective measures under safeguard reorganization and judicial liquidation proceedings

Pursuant to amendments to the French Commercial Code following a law dated March 12, 2012 (law n°2012-346) protective measures may be requested from the President of the Commercial Court:

- by the court-appointed administrator, the creditors' representative, the public prosecutor of the company against which safeguard, reorganization or judicial liquidation proceedings have been opened or by the judge under its own motion as part of an action for consolidation of the proceedings (*extension de la procédure collective*) on the ground of commingling of assets ("*confusion de patrimoines*") or fictitious nature of the company (*fictivité*); and
- by the court-appointed administrator, the creditors' representative over the assets of the *de jure* or *de facto* manager of a company against whom judicial reorganization or liquidation proceedings have been opened and against whom an action for liability is brought on the grounds of a fault having led the company to its insolvency (*cessation de paiements*).

<u>Status of creditors during safeguard, judicial reorganization or judicial liquidation proceedings</u>

As a general rule, creditors domiciled in France whose debts arose prior to the commencement of insolvency proceedings must file a proof of claim (*déclaration de créances*) with the creditors' representative within two months of the publication of the court decision in the *Bulletin Officiel des annonces civiles et commerciales*; this period is extended to four months for creditors domiciled outside France. Creditors who have not submitted their claims during the relevant period are, except with respect to very limited exceptions, barred from receiving distributions made in connection with the insolvency proceedings. Employees are not subject to such limitations and are preferential creditors under French law.

In accelerated financial safeguard proceedings, the debts held by financial creditors that took part in the conciliation proceedings are listed by the debtor and certified by its statutory auditor (or, in its absence, its accountant). Although such creditors can file proofs of claim pursuant to the regular process, they may also avail themselves of this simplified alternative and merely adjust the amounts of their claims as set forth on the list prepared by the debtor (within the 2 or 4 months time limit). Those financial creditors who did not take part in the conciliation proceedings (but who would be members of the credit institutions' committee or the bondholders' general meeting) would have to file their proofs of claim within the above-mentioned legal time limit.

During the observation period:

- accrual of interest is suspended (except in respect of loans providing for a term of at least one year, or contracts providing for a payment which is differed by at least one year);
- the debtor is prohibited from paying debts incurred prior to the date of the court decision commencing the insolvency proceedings, subject to specified exceptions which essentially cover the set-off of related debts (*compensation pour dettes connexes*), and payments authorized by the supervising judge *(juge-commissaire)* and to recover assets for which recovery is justified by the continued operation of the business; and
- creditors may not initiate or pursue any individual legal action against the debtor (or, in safeguard or reorganization proceedings, against a guarantor of the debtor provided such guarantor is an individual) with respect to any claim arising prior to the court decision commencing the insolvency proceedings if the objective of such legal action is:
  - to obtain an order for payment of a sum of money by the debtor to the creditor (however, the creditor may require that a court determine the amount due);
  - to terminate or cancel a contract for non-payment of pre-petition amounts owed to the creditor; or
  - to enforce the creditor's rights against any assets of the debtor, except where such asset—whether tangible or intangible, moveable or immoveable—is located in another Member State within the European Union, in which case the rights in rem of creditors thereon would not be affected by the insolvency procedure, in accordance with the terms of article 5 of EC Regulations 1346/2000).

In accelerated financial safeguard proceedings, the above rules only apply to the creditors which are subject to the accelerated financial safeguard proceedings (i.e., creditors eligible to the credit institutions' committee and bondholders).

Contractual provisions such as those contained in the Indenture that would accelerate the payment of the debtor's obligations upon the occurrence of certain insolvency events are not enforceable under French law, and the court-appointed officer can unilaterally decide to terminate ongoing contracts (*contrats en cours*) which it believes the debtor will not be able to continue to perform. The court-appointed officer can, on the contrary, require that other parties to a contract continue to perform their obligations even though the debtor may have been in default, but on the condition that such debtor fully performs its post-petition contractual obligations. The opening of liquidation proceedings does, however, automatically accelerate the maturity of all of the debtor's obligations, unless the court allows the business to continue for a period of no more than three months (renewable once) if it considers that a sale of part or all of the business is possible. In this case, the debtor's obligations are deemed mature on the day the court approves the sale of the business or the end of the period of continuation of the business.

The administrator may also terminate (except for employment contracts) or, provided that the debtor fully performs its post-petition contractual obligations, continue to execute contracts.

If the court adopts a safeguard plan or a reorganization plan, claims of creditors included in the plan will be paid according to the terms of the plan. The court can also set a time period during which the assets that it deems to be essential to the continued business of the debtor may not be sold without its consent.

If the court adopts a plan for the sale of the business (*plan de cession*) in reorganization or liquidation proceedings, the proceeds of the sale will be allocated for the repayment of the creditors according to the ranking of the claims. If the court decides to order the judicial liquidation of the debtor, the court will appoint a liquidator in charge of selling the assets of the company and settling the relevant debts in accordance with their ranking. However, in practice, where a plan for the sale of the business is considered, it will usually appoint a judicial administrator to manage the company and organize such sale of the business process.

French insolvency law assigns priority to the payment of certain preferential creditors, including employees, post-petition legal cost (essentially fees of officials appointed by the insolvency court as required by the regulations relating to insolvency proceedings), creditors who, as part of the sanctioned conciliation agreement, have provided new money or goods or services (see above), certain pre-petition secured creditors in judicial liquidation proceedings only, post-petition creditors, the French State (taxes and social charges), other pre-petition secured creditors and pre-petition unsecured creditors.

<u>Judicial reorganization or liquidation proceedings</u>

The court ruling commencing the proceedings may order either the liquidation or the reorganization of the company. See "*—The observation period and its outcome*" and *"—Creditors' committees and adoption of the safeguard or reorganization plan*" for a description of the observation period and the consultation of the creditors on the draft reorganization plan). At any time during the observation period, the court can order the liquidation of the company if recovery of the debtor is manifestly impossible (as mentioned above, it cannot be ruled out that likewise, the opening of judicial liquidation proceedings at the court's own initiative be challenged further to the QPC decision n°2012-286 of the Constitutional Court dated 7 December 2012). At the end of the observation period, the outcome of the proceedings is decided by the court.

There is no observation period in case of judicial liquidation proceedings being opened against the debtor. The outcome of these proceedings, which is decided by the court without a vote of the creditors, may be a plan for the sale of the business and/or isolated sales of the debtor's assets in order to discharge the debtor's liabilities. In case a plan for the sale of the business is considered, the court can authorize a temporary continuation of the business for a maximum period of three months (renewable once at the Public Prosecutor's request), whose effects are similar to an observation period.

Lender Liability

Pursuant to Article L. 650-1 of the French Commercial Code, where insolvency proceedings or safeguard have been commenced, creditors may only be held liable for the losses suffered as a result of facilities granted to the debtor on the following grounds: (i) fraud; (ii) clear interference with the management (*immixtion caractérisée dans la gestion*) of the debtor; or (iii) if the security or guarantees taken to support the facilities are disproportionate to such facilities. In addition, any security or guarantees taken to support facilities in respect of which a creditor is found liable on any of these grounds can be cancelled or reduced by the court. Case law has recently set out that this liability would also require that the granting of the facility be deemed to be wrongful.

If a creditor has repeatedly interfered in the company's management, it can be deemed a de facto manager of such company ("*dirigeant de fait*"). In such case, article L 651-2 of the French commercial Code provides that, if liquidation proceedings (liquidation judiciaire) have been commenced against the debtor, the creditor may be liable for bearing the excess of liabilities over the company's assets, along with the other managers (whether *de jure* or *de facto*), as the case may be, if it is established that their mismanagement has contributed to the company's shortfall of assets. If such conditions are met, French courts will decide whether the managers should bear all or part of the shortfall amount.

Luxembourg

Under Luxembourg insolvency laws, your ability to receive payment on the Senior Secured Notes may be more limited than would be the case under U.S. bankruptcy laws. The following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an entity having its registered office or centers of main interests in Luxembourg:

- 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 company: (i) has ceased to make payments (*cessation des paiements*); and (ii) has lost its creditworthiness (*ébranlement de crédit*). If a court finds that these conditions are satisfied, it may also open bankruptcy proceedings, 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
- Voluntary arrangements with creditors (*concordat préventif de la 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 a voluntary arrangement with its creditors triggers a provisional stay on enforcement of claims by creditors.

In addition to these proceedings, your ability to receive payment on the Senior Secured Notes may be affected by a decision of a court to grant a suspension of payments (*sursis de paiement*) or to put a Guarantor into judicial liquidation (*liquidation judiciaire*). Judicial winding up 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. The management of such winding up proceedings will generally follow the rules of bankruptcy proceedings.

Liabilities of a Guarantor in respect of the Senior Secured Notes will, in the event of a liquidation of a Guarantor following bankruptcy or judicial winding-up proceedings, rank below the cost of such proceedings (including any debt incurred for the purpose of such bankruptcy or judicial winding-up) and those debts of a Guarantor that are entitled to priority under Luxembourg law. Preferential rights arising by operation of law under Luxembourg law include

- 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.

Assets over which a security interest has been granted will in principle not be available for distribution to unsecured creditors (except after enforcement and to the extent a surplus is realized).

During such insolvency proceedings, all enforcement measures by unsecured creditors are suspended. The ability of certain secured creditors to enforce their security interest may also be limited, in particular in the event of controlled management proceedings providing expressly that the rights of secured creditors are frozen until a final decision has been taken by the court as to the petition for controlled management and may be affected thereafter by a reorganization order given by the court.

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 law may affect transactions entered into or payments made by the Issuer during the period before the opening of the insolvency proceedings. If the liquidator or administrator (including, without limitation, in relation to the Issuer, any *commissaire*, *juge-commissaire*, *liquidateur* or *curateur* or similar official) can show that the Issuer has given "preference" to any person by defrauding the rights of creditors generally, regardless of when this fraud occurred, a Luxembourg court has the power to void the "abnormal" transaction. If the liquidator or administrator can show that: (i) a payment in relation to a due debt was made during the hardening period (which is a maximum of six months and 10 days preceding the judgment declaring the opening of the insolvency proceedings) that is disadvantageous to the general body of creditors; and/or (ii) the party receiving such payment is shown to have known that the bankrupt party had ceased to make payments when such payment occurred, a Luxembourg court has the power, among other things, to void the preferential transaction.

EU Council Regulation No. 1346/2000

International aspects of Luxembourg bankruptcy, controlled management or voluntary arrangement with creditors proceedings may be subject to EU Council Regulation No. 1346/2000 of May 29, 2000 on insolvency proceedings.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "EU Insolvency Regulation"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

The term "centre of main interests" is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its "centre of main interests" in the Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the "centre of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties". In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where the majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "centre of main interests". The time when a company's "centre of main interests" is determined is at the time that the relevant insolvency proceedings are opened.

If the centre of main interests of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be opened in such jurisdiction, and, accordingly, a court in such jurisdiction would be entitled to open the types of insolvency proceedings referred to in Annex A to the EU Insolvency

Regulation. Insolvency proceedings opened in one Member State under the EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "centre of main interests" of a debtor is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "secondary proceedings" only in the event that such debtor has an "establishment" (in the meaning of the EU Insolvency Regulation) in the territory of such other Member State. The effects of those secondary proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation.

To the extent that the "centre of main interests" of the Issuer is deemed to be in France or elsewhere outside Luxembourg, courts of France or such other jurisdictions may have jurisdiction over the insolvency proceedings of such company.

Italy

The insolvency laws of Italy may not be as favorable to investors' interests as those of creditors in other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, the enforcement of security interests by creditors in Italy can be time consuming.

The following is a brief description of certain aspects of insolvency law in Italy.

The two primary aims of Royal Decree No. 267 of March 16, 1942 (the main Italian bankruptcy legislation), as reformed and currently in force (the "Italian Bankruptcy Law") are to maintain employment and to liquidate the debtor's assets for the satisfaction of creditors. These competing aims often have been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent rather than a temporary status.

The following debt restructuring and bankruptcy alternatives are available under Italian law for companies facing financial difficulties or in a state of temporary crisis, and for insolvent companies.

<u>Restructuring outside of a judicial process (*concordati stragiudiziali*)</u>

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

<u>Out-of-court reorganisation plans (*Piani di risanamento*) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law</u>

Out-of-court debt restructuring agreements are based upon restructuring plans ("*piani di risanamento attestati*") and are prepared by companies for the restructuring of their indebtedness and to ensure the recovery of their financial condition, the reasonableness of which must be assessed by an independent expert.

<u>Debt restructuring agreements with creditors (*accordi di ristrutturazione dei debiti*)</u>

Out-of-court agreements for the restructuring of indebtedness entered into with creditors representing at least 60% of the total amount of the company's outstanding debts can be ratified by the court. An expert appointed by the debtor must assess that the agreement is feasible and that it ensures that the non-participating creditors can be fully satisfied within the following terms: (a) 120 days from the date of the certification (*omologa*), for debts due prior to or at such date; or (b) 120 days from the contractual payment date, for debts not yet payable at the date of certification (*omologa*). Only a debtor who is insolvent or in a situation of "financial distress" (i.e., facing financial distress which does not yet amount to insolvency) can initiate this process and request the court's ratification (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor in relation to pre-existing receivables. Such moratorium of any interim relief and enforcement actions can be requested by the debtor from the court also prior to the above-mentioned publication of the agreement, subject to the fulfilment of certain conditions. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

Such moratorium can also be requested, pursuant to Article 182-bis, Paragraph 6 of the Italian Bankruptcy Law, by the debtor from the court pending negotiations with creditors (prior to the above-mentioned publication of the agreement), subject to the fulfilment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days of the filing of the request and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. In such hearing, the court assesses whether the conditions for granting the moratorium are in place and, if they are, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which a debt restructuring agreement and the assessment by the expert must be deposited. The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium.

Creditors may oppose the agreement within 30 days from the publication of the agreement in the companies' register. After having settled the oppositions (if any) the court will validate the agreement by issuing a decree, which can be appealed within 15 days of its publication.

Court-supervised pre-bankruptcy composition with creditors (*concordato preventivo*)

A company which is insolvent or in a situation of "financial distress" but has not been declared insolvent by the court, has the option to seek an arrangement with its creditors under court supervision in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such arrangement with creditors can be sought by a company which meets any of the following thresholds (i) assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million in each of the three preceding fiscal years; (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; or (iii) total indebtedness in excess of €0.5 million). Only the debtor company can file a petition for a *concordato preventivo* (together with, *inter alia*, the proposed agreement and a report prepared by an independent expert appointed by the debtor assessing, *inter alia*, the feasibility of the composition proposal). Between the filing of the *concordato preventivo* proposal with the court and its confirmation by the court, all enforcement actions by the creditors (whose title arose before the confirmation of the court) are stayed. The composition proposal may provide for: (i) the restructuring of debts and the satisfaction of creditors' claims, in any manner, including for example, through extraordinary transactions such as the granting to creditors and their subsidiaries or affiliated companies of shares, bonds (also convertible into shares), or other financial instruments and debt securities; (ii) the transfer to a receiver (*assuntore*) of the operations of the business involved in the proposed composition agreement; (iii) the division of creditors into classes; and (iv) different treatments for creditors belonging to different classes. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The composition agreement may also propose the continuation of the relevant business activity by the debtor company, the transfer of the business itself or the contribution thereof in one or more companies (even though newly incorporated), without prejudice to the possibility to liquidate the assets which are not necessary to carry out the business (*concordato con continuità aziendale*). In such case, the Italian Bankruptcy Law provides for a specific regime, specifying, *inter alia*, that the relevant composition proposal shall also fully describe the costs and revenues which are expected as a consequence of the continuation of the business activity, of the financial resources which will be necessary and the relevant financial support and that the expert shall certify that the continuation of the business is functional to a better satisfaction of the creditors.

The court determines whether the proposal for the composition is admissible, in which case the court, *inter alia*, delegates a judge (*giudice delegato*) to follow the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditor meeting. During the implementation of the arrangement, the company is managed by its corporate bodies (generally its board of directors) under the surveillance of such judicial officer(s) and under the supervision of such judge delegated by the court.

The *concordato preventivo* is voted on at a creditors' meeting and must be approved by creditors representing a majority of the unsecured creditors entitled to vote or, where different classes of creditors are formed, by the majority of creditors within each class. Those creditors who, being entitled to vote, did not do so and those who did not express their dissent (including failing to notify their objection via telegraph, fax, mail or certified e-mail) within 20 days of the closure of the minutes of the creditors' meeting are deemed to be consenting to the *concordato preventivo*. Secured creditors do not generally vote on the proposal of *concordato preventivo* unless they waive their security or the *concordato preventivo* provides that they will not receive full satisfaction (in which case they can vote only in respect of the part of the debt affected by such proposal). If a creditor of a dissenting class or, if the plan does not provide for more classes of creditors, a number of dissenting creditors representing 20% of the credits admitted to vote, file an opposition to the certification, the competent court may reject such opposition and sanction the *concordato preventivo* if it deems that the relevant credit may be satisfied, as a result of the *concordato preventivo*, for an amount which is not lower than the amount achievable through the alternatives otherwise.

After the creditors' approval, the court (after having settled possible objections raised by the dissenting creditors, if any) must confirm the *concordato preventivo* proposal by issuing a confirmation order.

If the approval of the *concordato preventivo* fails, the court may, upon request by the public prosecutor or a creditor and after having ascertained the condition for declaration of bankruptcy, declare the company bankrupt.

<u>Pre-application for the composition with creditors (*concordato preventivo*), even in view of a restructuring agreement (*accordo di ristrutturazione dei debiti*)</u>

The filing of the application for the certification of a restructuring arrangement (*accordo di ristrutturazione dei debito*) and the application for a composition with creditors (*concordato preventivo*) may be pre-empted by the filing by the debtor distressed company of a pre-application for a composition with creditors (*concordato preventivo*). In particular, according to Article 161(6) of the Italian Bankruptcy Law, the distressed company may file a pre-application for the composition with creditors together with the financial statements of the last three financial years, asking the competent court to set a deadline, between 60 and 120 days (subject to a further extension of up to 60 days where there are reasonable grounds) for the filing of additional documents required for the filing of a petition at court for a *concordato preventivo.* The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the composition with creditors (or the certification of a restructuring arrangement (*accordo di ristrutturazione dei debiti*)) having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (relating also to the financial management of the company) that the company has to fulfil until the lapse of the term established by the court. Non-compliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed company into bankruptcy. Following the filing of the pre-application and until the decree of admission to the composition with creditors, the distressed company may (i) carry out acts pertaining to its ordinary activity and (ii) seek the Court's authorisation to carry out acts pertaining to its extraordinary activity, to the extent they are urgent. Receivables arising from acts lawfully carried out by the distressed company are treated as super-senior (*prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under Article 67 of the Italian Bankruptcy Law.

<u>Bankruptcy (*fallimento*)</u>

A request to declare a debtor bankrupt and to commence bankruptcy proceedings (*fallimento*) for the judicial liquidation of its assets can be filed by the same debtor, any number of creditors and, in certain cases, by the public prosecutor. Bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only if the company meets any of the following thresholds: (i) assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million in each of the three preceding fiscal years; (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years; or (iii) total indebtedness in excess of €0.5 million.

Upon the commencement of bankruptcy proceedings:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorisation from the designated judge (*giudice delegato*). After hearing the bankruptcy trustee and the creditors' committee, the designated judge decides whether to authorise the sale, and sets forth the timing in his or her decision;
- the administration of the debtor and the management of its assets pass from the debtor to the bankruptcy receiver (*curatore fallimentare*); and
- after a declaration of bankruptcy with respect to a creditor, any act (including payments) made by the debtor, other than those made through the receiver, become ineffective. Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property. The Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including employees, the Italian treasury, and judicial and social authorities. Additionally, Italian bankruptcy law provides for the following:

- *Bankruptcy composition with creditors (concordato fallimentare).* A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant petition can be filed by one or more creditors, third parties or the receiver starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before the lapse of two years from the decree giving effectiveness to the bankrupt's estate. The petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The petition may provide the possibility that secured claims are paid only in part. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority of claims (and, if classes are formed, by a majority of the claims in a majority of the classes). Final court confirmation is also required.

- *Statutory priorities.* The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priorities of claims are, in order of priority, those related to secured creditors (*creditori privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgages (*creditori ipotecari*), pledges (*creditori prignoratizi*) and unsecured creditors (*crediti chirografari*). Under Italian law, the proceeds from the sale of the bankrupt's estate are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles. The law creates a hierarchy of claims that must be adhered to when distributing the proceeds derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.
- *Avoidance powers in insolvency.* Similar to other jurisdictions, there are so-called "clawback" or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions address transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Clawback rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions.

In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a clawback period of up to one year (six months in certain circumstances) and a two-year ineffectiveness period for certain other transactions.

In particular, the Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner:

(a) *Acts ineffective by operation of law.* (i) Under article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective vis-à-vis creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration, and (ii) under article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective vis-à-vis creditors, if made by the bankrupt entity within the two-year period prior to the insolvency declaration.

(b) *Acts that may be avoided at the bankruptcy receiver's request.* These can include the following:

    (i) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be avoided and declared ineffective, unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:

    - transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;
    - payments of debts, due and payable, made by the bankrupt entity which were not paid in cash or by other customary means of payment in the year prior to the insolvency declaration;
    - pledges and mortgages granted by the bankrupt entity in the year prior to the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and
    - pledges and mortgages granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure mature debts.

(ii) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be avoided and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent:

- the payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months prior to the insolvency declaration; and
- deeds granting pre-emptive rights in favor of debts (even those of third parties) which are simultaneously created and made within six months prior to the insolvency declaration.

(iii) The following transactions are exempt from clawback actions:

- a payment for goods or services made in the ordinary course of business according to market practice;
- a remittance on a bank account, provided that it does not materially and permanently reduce the bankrupt entity's debt towards the bank;
- the sale, including an agreement for sale registered pursuant to Article 2645-bis of the Royal Decree No. 262 of March 16, 1942 (the "Italian Civil Code"), currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser, provided that, as at the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;
- transactions entered into, payments made and guarantees issued with respect to the bankrupt entity's goods, provided that they concern the implementation of a plan (*piano attestato*) which permits for the restructuring of the debt and for the improvement of its financial position, provided that an "independent" (in accordance with article 67 of the Italian Bankruptcy Law) expert registered in the legal register and eligible to be appointed as a bankruptcy receiver pursuant to article 28, paragraphs (a) and (b), of the Italian Bankruptcy Law is certifying the accuracy of the business data and the feasibility of the plan;
- a transaction entered into, payment made or guarantee issued to implement a "*concordato preventivo*" or an "*accordo di ristrutturazione dei debiti*" under Article 182-bis of the Italian Bankruptcy Law and transactions entered into, payments made and security interests granted after the filing for the application for a *concordato preventivo* pursuant to Article 161 of the Italian Bankruptcy Law (see above); and
- remuneration payments to the bankrupt entity's employees and consultants concerning work carried out by them; and
- payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared void within the ordinary clawback period of five years (*revocatoria ordinaria*) provided for by the Italian Civil Code. Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the bankruptcy entity for the purpose of prejudicing the bankrupt entity) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design).

Extraordinary administration for large insolvent companies *(amministrazione straordinaria delle grandi imprese in stato di insolvenza)*

An extraordinary administration procedure is available under Italian law for large industrial and commercial enterprises (commonly referred to as the "*Prodi-bis*" procedure). Companies must be insolvent although able to demonstrate serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income must have been derived from sales and services during its last financial year. The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. Extraordinary administration procedures involve two main phases—an administrative phase and a judicial phase.

In the administrative phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints a judicial receiver (or up to three) (*commissiario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganisation. The judicial receiver submits a report to the court (within 30 days) together with an opinion from the Italian Productive Activities Minister (the "Ministry"). The court has 30 days to decide whether to admit the company to the procedure or place it into bankruptcy.

Assuming that the company is admitted to the extraordinary administration procedure, the judicial phase begins and the extraordinary commissioner(s), appointed by the Ministry, prepare a restructuring plan. The plan can provide either for the sale of the business as a going concern within one year (unless extended by the Ministry) (the "Disposal Plan") or a reorganisation leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "Recovery Plan"). It may also include an arrangement with creditors (e.g. debt for equity swap, an issue of shares in a new company to whom the assets of the company have been transferred, etc.) (*concordato*). The plan must be approved by the Ministry. The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan is, however should either plan fail, the company will be declared bankrupt, failing which the company is declared bankrupt.

Industrial restructuring of large insolvent companies *(ristrutturazione industriale di grandi imprese in stato di insolvenza)*

Introduced in 2003, the industrial restructuring of large solvent companies is also known as the "Marzano *procedure*". It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to work faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up *(liquidazione coatta amministrativa)*

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound-up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is a special insolvency proceeding in that the entity is liquidated not by the bankruptcy court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative winding-up on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative winding-up.

Fraudulent Transfer Provisions of General Applicability Including During Bankruptcy

Under Italian law, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, agreement and any other act by which it disposes of any of its assets, in order to seek a clawback action (a*zione revocatoria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke said guarantee, agreement and other act only if it, in addition to ascertaining prejudice (as outlined above), was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit;
- that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Limitation on creation of security and restrictions on enforcement provided by Italian law

The Italian law governed Collateral is composed by a pledge over the corporate capital of Picard Surgelati (the "Italian Collateral").

The secured creditors under the Italian Collateral are the lenders under the Revolving Credit Facility, certain financial institutions under certain hedging transactions entered into by the Issuer, the Security Agent, the holders of the Senior Secured Notes from time to time and the Trustee.

It is uncertain and untested in the Italian courts whether under Italian law a security can be created and perfected (i) in favor of creditors (such as the holders of the Senior Secured Notes) which are neither directly parties to the relevant Security Documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of the Trustee of the Senior Secured Notes since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of the Trustee as agent or trustee for holders of the Senior Secured Notes under security interests on Italian assets is debatable under Italian law.

Given the above and considering that the holders of the Senior Secured Notes may not be party to the Italian Collateral, there is a risk that an Italian court may determine that the holders of the Senior Secured Notes at the time of enforcement are not secured by the security under the Italian Collateral and/or cannot enforce that security.

In order to mitigate this risk, the Collateral located in Italy also secures, directly, the Parallel Debt. However, please note that the enforceability of security granted in favor of the creditor of a parallel debt has not been tested in Italian courts and therefore it cannot be excluded that the parallel debt will not per se eliminate or mitigate the risk of unenforceability of the of the Italian Collateral.

The procedures for the enforcement of Italian law security and the timing for obtaining judicial decisions (including in relation to security enforcement) in the Republic of Italy are materially complex and time-consuming, especially given that the Italian courts maintain a significant role in the enforcement process, in comparison to other jurisdictions with which investors may be familiar.

The Senior Secured Notes, the Guarantees and the security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws.

Luxembourg and French laws contain similar specific provisions dealing with fraudulent conveyance both in and outside of bankruptcy, the so-called *action paulienne* provisions. The *action paulienne* offers creditors protection against a decrease in their means of recovery. A legal act performed by a person (including, without limitation, an agreement pursuant to which it guarantees the performance of the obligations of a third party or agrees to provide or provides security for any of its or a third party's obligations, enters into additional agreements benefiting from existing security and any other legal act having similar effect) can be challenged in or outside bankruptcy of the relevant person by the bankruptcy trustee or receiver in a bankruptcy of the relevant person or by any of the creditors of the relevant person outside bankruptcy, and may be declared unenforceable against third parties (under Luxembourg and French law) if: (i) (under French law) the person performed such acts without an obligation to do so or (under Luxembourg law) the act was performed with the intention to defraud the creditor; (ii) the creditor concerned or, in the case of the person's bankruptcy, any creditor, was prejudiced in its means of recovery as a consequence of the act; and (iii) at the time the act was performed both the person and the counterparty to the transaction knew or should have known that one or more of its creditors (existing or future) would be prejudiced in their means of recovery, unless the act was entered into for no consideration (*à titre gratuit*) in which case such knowledge of the counterparty is not necessary for a successful challenge on grounds of fraudulent conveyance. If a court found that the issuance of the Senior Secured Notes, the grant of the security interests in the intercompany proceeds loans or the share pledges or bank accounts pledges, or the granting of a Guarantee involved a fraudulent conveyance that did not qualify for any defense under applicable law, then the issuance of the Senior Secured Notes, the granting of the security interests in the intercompany proceeds loans and the share pledges or bank accounts pledges or the granting of such Guarantee could be declared unenforceable against third parties (under French law) or (i) declared unenforceable against the creditor that lodged the claim in relation to the relevant act (under Luxembourg law and outside of bankruptcy proceedings) or (ii) except for security interests which qualify as financial collateral arrangements under the Luxembourg law of August 5, 2005 relating to financial collateral arrangements, declared void vis-à-vis all third-party creditors pursuant to Article 448 of the Luxembourg Code of Commerce (under Luxembourg law in the case of bankruptcy proceedings). As a result of such successful challenges, holders of the Senior Secured Notes may not enjoy the benefit of the Senior Secured Notes, the Guarantees or the security interests in the intercompany proceeds loans and the share pledges or bank account pledges and the value of any consideration that holders of the Senior Secured Notes received with respect to the Senior Secured Notes, the security interests in the intercompany proceeds loans, the share pledges or bank account pledges or the Guarantees could also be subject to recovery from the holders of the Senior Secured Notes and, possibly, from subsequent transferees. In addition, under such circumstances, holders of the Senior Secured Notes might be held liable for any damages incurred by prejudiced creditors of the Issuer or the Guarantors as a result of the fraudulent conveyance.

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

The Senior Secured Notes are a new issuance of securities for which there is currently no established trading market.

We cannot assure you as to:

- the liquidity of any market in the Senior Secured Notes;

- your ability to sell your Senior Secured Notes; or
- the prices at which you would be able to sell your Senior Secured Notes.

Future trading prices of the Senior Secured Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. The liquidity of a trading market for the Senior Secured Notes may be adversely affected by a general decline in 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 Senior Secured Notes. Any such disruption may have a negative effect on you, as a holder of Senior Secured Notes, regardless of our prospects and financial performance.

The initial purchasers have advised that they intend to make a market in the Senior Secured Notes after completing the Offering. However, they have no obligation to do so and may discontinue market making activities at any time without notice. In addition, such market making activity will be subject to limitations imposed by the U.S. Securities Act and other applicable laws and regulations. As a result, there may not be an active trading market for the Senior Secured Notes. If no active trading market develops, you may not be able to resell your Senior Secured Notes at a fair value, if at all.

The Senior Secured Notes may not become, or remain, listed on the Irish Stock Exchange.

Although the Issuer has agreed, in the Indenture, agree to use its reasonable best efforts to have the Senior Secured Notes listed on the Official List of the Irish Stock Exchange and admitted to trading on its Global Exchange Market within a reasonable period after the Issue Date and to maintain such listing as long as the Senior Secured Notes are outstanding, the Issuer cannot assure you that the Senior Secured Notes will become, or remain, listed. If the Issuer cannot maintain the listing on the Official List of the Irish Stock Exchange and the admission to trading on the Global Exchange Market or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Irish Stock Exchange, provided that it will use reasonable best efforts to obtain and maintain the listing of the Senior Secured Notes on another stock exchange although there can be no assurance that the Issuer will be able to do so. Although no assurance is made as to the liquidity of the Senior Secured Notes as a result of listing on the Official List of the Irish Stock Exchange or another recognized listing exchange for comparable issuers in accordance with the Indenture, failure to be approved for listing or the delisting of the Senior Secured Notes from the Official List of the Irish Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Senior Secured Notes in the secondary market.

Changes in tax laws or challenges to our tax position could adversely affect our results of operations and financial condition.

We are subject to complex tax laws. Changes in tax laws could adversely affect our tax position, including our effective tax rate or tax payments. We often rely on generally available interpretations of applicable tax laws and regulations. We cannot be certain that the relevant tax authorities are in agreement with our interpretation of these laws. If our tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require us to pay taxes that we currently do not collect or pay or increase the costs of our services to track and collect such taxes, which could increase our costs of operations and have a negative effect on our business, financial condition, operating results and cash flows.

French tax legislation may restrict the deductibility, for French tax purposes, of indebtedness incurred in France, thus reducing the cash flow available to service our indebtedness.

Article 23 of the French Finance Law for 2013 contains new rules which aim to limit the deduction of net financial charges accrued by companies subject to French corporate income tax. Under these new rules and save for particular exceptions (which are not applicable to the Issuer), adjusted net financial charges incurred by French companies that are not members of a French tax group are deductible from their taxable result only up to 85% of their amount in respect of fiscal years closed on or after December 31, 2012 and only up to 75% of their amount in respect of fiscal years opened as from January 1, 2014, to the extent that such companies' amount of financial charges (net of financial income) exceeds €3.0 million in a given fiscal year. Special rules apply for companies that belong to consolidated tax groups, which aim at approximating their situation to that which would be the case if such companies were one single company. The limitation is factored into the determination of the French tax group's taxable result and applies to the adjusted aggregate net financial expenses incurred by companies that are members of the tax group with respect to amounts made available by lenders outside such tax group, to the extent that the tax group companies' aggregate financial expenses (net of financial income) exceed €3.0 million in a given fiscal year.

The limitation by the aforementioned tax rules of our ability to deduct interest accrued on our indebtedness may increase our tax burden and therefore negatively impact our financial condition and results of operations.

Financial transaction tax

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "Draft Directive") on a common financial transaction tax ("FTT"). According to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the "Participating Member States") on 1 January 2014.

Pursuant to the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (*inter alia*) primary market transactions referred to in Article 5 (c) of June 8, 2006 (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates of the FTT shall be fixed by each Participating Member State but for transactions involving financial instruments other than derivatives shall amount to at least 0.1 per cent. of the taxable amount. The taxable amount for such transactions shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, acting in the name of a party to the transaction or where the transaction has been carried out on its account. A financial institution may be, or be deemed to be, "established", in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State. Where the FTT due has not been paid within the applicable time limits, each party to a financial transaction, including persons other than financial institutions, shall become jointly and severally liable for the payment of the FTT due.

Prospective holders should therefore note, in particular, that any sale, purchase or exchange of the Senior Secured Notes will be subject to the FTT at a minimum rate of 0.1 per cent. provided the abovementioned prerequisites are met. The holder may be liable to itself pay this charge or reimburse a financial institution for the charge, and/or the charge may affect the value of the Senior Secured Notes.

The Draft Directive is still subject to negotiation between the Participating Member States and therefore may be changed at any time. Additional EU Member States may decide to participate. Moreover, once the Draft Directive has been adopted (the "FTT Directive"), it will need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the FTT Directive might deviate from the FTT Directive itself. Prospective holders of the Senior Secured Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Senior Secured Notes.

THE ISSUER

The Issuer was formed under the laws of France on July 23, 2010, as a *société par actions simplifiée*. The Issuer, which is registered with *registre du commerce et des sociétés de Melun* under number 523 999 878 RCS Melun, is wholly-owned by French TopCo, a *société par actions simplifiée* incorporated and existing under the laws of France.

The Issuer's registered office is located at 37 bis, rue Royale—77300 Fontainebleau.

All of the Issuer's shares are indirectly controlled by LuxCo 1, a Luxembourg company. The ownership of the ordinary shares of LuxCo 1, the indirect parent company of the Issuer, is currently as follows (in each case, through one or more holding entities):

- Lion Capital: together with minority co-investors, approximately 98.6%, representing an equity investment estimated to be €551.2 million; and
- Existing Picard management: approximately 1.4%, representing an equity investment estimated to be €7.9 million.

USE OF PROCEEDS

The gross proceeds of the Offering amounted to €480 million and were used to (i) refinance the Existing Senior Facilities and (ii) pay related fees and expenses.

Sources and Uses

The estimated sources and uses of the funds necessary for the refinancing of the Existing Senior Facilities are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimate of available cash on hand at Picard, our estimates of the cost of prepaying the Existing Senior Facilities and differences from our estimates of fees and expenses.

Sources	(in € millions) (unaudited)	Uses	
Senior Secured Notes offered hereby	480.0	Prepayment of Existing Senior Facilities[2]	496.7
Cash on hand	23.7	Transaction fees and expenses[3]	7.0
Total sources[1]	503.7	Total uses	503.7

(1) The Revolving Credit Facility has a total available commitment of €30 million. The Revolving Credit Facility was undrawn on the Issue Date.

(2) The prepayment amount reflects the amount outstanding under the Existing Senior Facilities Agreement as of March 31, 2013, and does not take into account the €10.6 million of the term loan A facility that was amortized in April 2013.

(3) Estimated fees and expenses associated with the Refinancing, including commitment, placement, financial advisory, professional and initial purchasers' fees and other transaction costs, and excludes any breakage fees incurred in the prepayment of the Existing Senior Facilities Agreement.

CAPITALIZATION

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

- Picard Bondco as of March 31, 2013 on an actual consolidated basis based on the Consolidated Financial Statements; and
- Picard Bondco, on a consolidated basis and as adjusted to give effect to the Offering, the entry into the Revolving Credit Facility Agreement, the prepayment of the Existing Senior Facilities and the €10.6 million amortization of the term loan A facility of the Existing Senior Facilities in April 2013. The adjustments are based on available information and contain assumptions made by our management.

The table below should be read in conjunction with "*Selected Historical Financial Information*", "*Use of Proceeds*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of Other Indebtedness and Preferred Shares*", "*Description of the Senior Secured Notes*", the Consolidated Financial Statements and the related notes included elsewhere in this offering memorandum.

	Picard Bondco Actual as of March 31, 2013	**Picard Bondco As Adjusted(1)**
	(unaudited) (€ in millions)	
Net cash and cash equivalents(2)	**105.1**	**81.4**
Existing Senior Facilities(3)	496.7	—
Finance leases and bank guarantees(4)	5.2	5.2
Borrowings under Revolving Credit Facility(5)	—	—
Senior Secured Notes	—	480.0
Senior Notes issued by Picard Bondco(6)	300.0	300.0
Total third-party financial debt excluding shareholder debt	**801.9**	**785.2**
Shareholder funds(7)	650.1	650.1
Total capitalization	**1,452.0**	**1435.3**

(1) Gives effect to the Refinancing as well as the €10.6 million amortization of the term loan A facility of the Existing Senior Facilities in April 2013, but excludes payment of interest due on April 15, 2013 and July 15, 2013.

(2) Net of bank overdrafts (amounting to €14.5 million) and miscellaneous provisions relating to cash and cash equivalents (amounting to €0.2 million).

(3) Excludes amortized capitalized debt issuance costs. The carrying value of the Existing Senior Facilities under IFRS amounts to €478.4 million, as of March 31, 2013.

(4) Represents finance leases (amounting to €2.3 million) and bank guarantees (amounting to €2.9 million).

(5) The Revolving Credit Facility has a total available commitment of €30 million. The Revolving Credit Facility was undrawn on the Issue Date.

(6) Excludes amortized capitalized debt issuance costs. The carrying value of the principal amount outstanding under the Senior Notes under IFRS represents €291.3 million, as of March 31, 2013.

(7) Represents the sum of issued capital, share premium and the MRPS. See "*Description of Other Indebtedness and Preferred Shares*".

SELECTED HISTORICAL FINANCIAL INFORMATION

The following tables present summary historical consolidated financial information and other data for Picard Bondco. The summary consolidated financial information of Picard Bondco as of and for each of the years ended March 31, 2012 and 2013 have been derived from the consolidated financial statements of Picard Bondco as of and for the year ended March 31, 2013 included elsewhere in this offering memorandum.

The following tables should be read in conjunction with "*Use of Proceeds*", "*Capitalization*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Description of the Senior Secured Notes*" and our financial statements and related notes included elsewhere in this offering memorandum.

Consolidated Income Statement Data

	Year ended March 31,	
	2012	2013
	(€ in millions)	
Sales of goods	1,298.2	1,349.0
Cost of goods sold	(738.6)	(764.1)
Gross profit	**559.6**	**584.9**
Other operating income	5.6	2.9
Other purchases and external expenses	(203.5)	(220.7)
Taxes	(17.3)	(16.4)
Personnel expenses	(152.7)	(158.1)
Depreciation, amortization and provisions allowances	(30.5)	(29.0)
Other operating expenses	(3.6)	(4.3)
Operating profit	**157.5**	**159.3**
Finance costs	(66.4)	(64.7)
Finance income	1.7	1.9
Share of profit in an associate	0.8	0.2
Income tax expense	(20.0)	(29.9)
Net income	**73.7**	**66.8**
Attributable to equity holders of the company	73.7	66.8

Consolidated Balance Sheet Data

	As at March 31,	
	2012	2013
	(€ in millions)	
Goodwill	815.2	815.2
Property, plant and equipment	217.7	227.6
Other intangible assets	837.8	840.6
Investment in an associate	9.3	9.3
Other non-current financial assets	19.7	20.9
Deferred tax asset	19.8	5.2
Total non-current assets	**1,910.9**	**1,918.7**
Inventories	80.3	76.7
Trade and other receivables	36.2	35.3
Other current financial assets	—	—
Cash and cash equivalents	150.5	119.4
Total current assets	**275.5**	**231.3**
Total assets	**2,186.4**	**2,150.0**

Consolidated Balance Sheet Data

	As at March 31,	
	2012	2013
	(€ in millions)	
Equity attributable to equity holders of the company	**756.2**	**825.5**
Interest-bearing loans and borrowings	852.2	738.3
Other non current financial liabilities	4.3	0.078
Provisions	6.5	6.6
Employee benefit liability	4.3	4.3
Deferred tax liability	313.4	312.1
Total non-current liabilities	**1,180.7**	**1,061.5**
Total current liabilities	**249.5**	**262.9**
Total equity and liabilities	**2,186.4**	**2,150.0**

Cash Flow Statement Data

	Year ended March 31,	
	2012	2013
	(€ in millions)	
Net cash flows from operating activities	182.4	180.8
Net cash used in investing activities	(28.9)	(43.4)
Net cash used in financing activities	(97.5)	(168.8)
Net increase / (decrease) in cash and cash equivalents	**56.1**	**(31.4)**
Net cash and cash equivalents at 31 March	136.3	104.9
Net cash and cash equivalents at beginning of the period	80.2	136.3

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

The following discussion and analysis summarizes the significant factors affecting our results of operations and financial condition during the years ended March 31, 2012 and March 31, 2013. The following should be read in conjunction with the information set forth under "Selected Historical Financial Information" and the consolidated financial statements of Picard prepared in accordance with IFRS-EU and the notes thereto included elsewhere in this offering memorandum. The consolidated financial statements of Picard as of and for the years ended March 31, 2012 and 2013, each included in this offering memorandum, have been audited by PricewaterhouseCoopers, Société coopérative, independent auditors (réviseur d'entreprises agréé), as stated in their reports appearing herein. The following discussion includes forward-looking statements based on assumptions about our future business. Our future results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described under "Forward-Looking Statements", "Risk Factors" and elsewhere in this offering memorandum. Percentages may be calculated on non-rounded figures and therefore may vary from percentages calculated on rounded figures. In addition, the following discussion and analysis summarizes EBITDA for the years ended March 31, 2012 and 2013, which is a non-IFRS measure that represents operating profit before depreciation, amortization, and provisions allowances. This measure is derived from income statement account items calculated in accordance with IFRS-EU and is used by management as an indicator of operating performance. See "Presentation of Financial and Other Information and Certain Definitions".

The information for the year ended March 31, 2012 included in the consolidated financial statements of Picard Bondco as of and for the year ended March 31, 2013 has been restated to reflect a change in presentation in the information for the year ended March 31, 2013 (please refer to note 2 in the consolidated financial statements of Picard Bondco for the year ended March 31, 2013 included herein). However, this change has no impact on EBITDA.

Introduction

We are the leading retailer of frozen food products in France based on our total sales figures, according to information obtained from our internal analyses and accounting records, industry surveys and publications (namely those prepared by Nielsen Retailers Panel and Syndigel), and are a pioneer in the sector. In 2012, we had an approximately 18.9% market share (including ice cream products) of the approximately €7.1 billion French frozen food market. We offer our customers over 1,100 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of ready-made starters, main courses, desserts and ice cream at various price points. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food.

We sell under our own Picard brands (97.3% of our sales), as well as a few national and international brands, such as Häagen-Dazs, Charal, Bonne Maman and Ben & Jerry's. Our Picard products are sold exclusively through our network of approximately 900 company-operated stores in mainland France (and 6 franchised stores in Corsica and 2 franchised stores in La Réunion) as well as through Home Service, which mainly operates in major French cities. We have successfully expanded this network over the years, and we opened an average of 36 new stores per year from 1994 to 2005 and an average of 39 new stores per year over the last seven years. As of March 31, 2013, we operated 898 stores in mainland France (along with two additional franchised stores in Corsica and 6 in La Réunion), 43 stores in Italy, 4 stores in Belgium and 2 stores in Sweden. Most of our stores are located in or near city centers and metropolitan areas.

We outsource the manufacturing of all of our products to approximately 190 different suppliers, allowing us to concentrate on quality control and new product research, development and innovation. We continuously review our product offering and introduce on average approximately 200 new SKUs a year (230 new SKUs in 2012). Many of our products are unique to us, which we believe attracts customers to our stores.

We have successfully increased our sales over the last ten years from €749.5 million for the year ended March 31, 2004 to €1,349 million for the year ended March 31, 2013, representing a compound annual growth rate of 6.7% despite significant economic challenges. Over the same period, we generated a like-for-like sales CAGR of 2.3%. For the year ended March 31, 2013, sales in our retail network in France and Home Service accounted for 97.7% of our total sales, with sales in Italy, Belgium and Sweden accounting for the balance.

Factors that Affect Our Results of Operations

You should consider the following factors when analyzing our financial condition and results of operations.

Expansion of store network

As of March 31, 2013, we had 898 stores in mainland France, 43 stores in Italy, four stores in Belgium and two stores in Sweden, as well as two franchised stores in Corsica and six franchised stores in La Réunion. For the year ended March 31, 2013, 95.8% of total sales stemmed from our network of stores in France. We opened 28 new stores in mainland France in the year ended March 31, 2012 and 26 in the year ended March 31, 2013. This change in scale affects the comparability of our results during those periods by increasing both revenues and expenses. We expect to continue our strategic expansion into locations that meet our demographic and other commercial criteria.

Given the sustained expansion of our network over time, our management finds it useful to analyze sales growth in France (excluding Home Service) and in Italy on a "like-for-like" basis in order to understand the evolution of the results of our existing stores, excluding the effects of network expansion.

Our management also uses two key performance indicators, which are total tickets and average basket. "Total tickets" measures the number of transactions that take place in a given period, while "average basket" measures the average euro value of all such transactions.

The expansion of our store network in the past (and our expected continued expansion in the future) also affects comparisons of our results of operations because of the "ramp-up period". Despite our expansion, our average sales per store at existing stores have remained stable during the periods under review.

Economic conditions

Sales have historically been affected by overall macroeconomic conditions. During periods of slow or negative GDP growth, the value of our average basket has typically declined, as consumers increased the share of less expensive products in their shopping baskets and reduced their overall expenditures. Although sales have been adversely affected by the current economic downturn, like-for-like sales growth in our French stores has been more resilient than the overall economy. French GDP growth has declined from a growth rate of 1.7% in calendar year 2011 to 0% in calendar year 2012. Despite the challenging economic environment and 0% growth in French GDP in calendar year 2012, we were able to maintain positive like-for-like sales growth in stores in France of 1.0% in the year ended March 31, 2013, compared to 3.3% for the year ended March 31, 2012.

Since 2008, consumers have responded to the economic downturn in France by decreasing their spending. We saw declines in our average basket in France from €22.95 to €22.80 during the years ended March 31, 2012 and 2013, respectively. At the same time, our customers have on average purchased more of the less expensive SKUs as the economy has continued to suffer. However, we were able to offset this decline in our average basket by increasing traffic in our stores through innovation and promotional campaigns, and the number of total tickets in France grew from 57.4 million to 59.6 million during the years ended March 31, 2012 and 2013, respectively. Notably, during this period the number of products per basket declined slightly. While we have increased the prices of some of our products due to the increase in prices of certain raw materials, our prices remained stable on average as a result of our promotion strategy which highlights products that have on average a lower value combined with the fact that we have developed individual products to meet consumer demand. In addition, since the second half of 2012, we devoted additional resources to advertising and promotion campaigns such as the "*Dix jours shopping*", which familiarize our clients with the varied elements within our product range. As a result, we achieved like-for-like positive sales growth performance in a difficult economic environment.

	Year ended March 31, 2012						
Like-for-like sales growth in France (year-over-year)	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
Average Basket	-0.1	1	0.4	-1.3	-0.6	-1.1	-0.4
Tickets	4.0	2.9	3.5	3.5	4.4	3.9	3.7
Sales	3.8	3.9	3.9	2.1	3.8	2.8	3.3

	Year ended March 31, 2013						
Like-for-like sales growth in France (year-over-year)	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
Average Basket	0.9	-1.3	-0.1	-1.3	-0.5	-0.8	-0.5
Tickets	2.6	0.8	1.8	3.4	-1	1.3	1.5
Sales	3.6	-0.5	1.6	2.0	-1.5	0.5	1.0

Horsemeat incident

In February 2013, we, along with other prepared food retailers, discovered that two of our beef prepared products contained horsemeat. The meat used by one of our suppliers for the preparation of these two products had been sourced from a meat supplier not pre-approved by us, in violation of our specifications. Our business was materially negatively impacted by this event. We immediately took a series of steps in response to this incident, including removing the affected products from our stores and increasing monitoring of our third-party suppliers. We have also reinforced our audit program to ensure strict compliance with our specifications, in particular by (i) ensuring that ingredients are correctly pre-validated by our quality service (in terms of quality and origin), (ii) systematically performing DNA tests (Polymerase Chain Reaction) to identify species on all our beef products and (iii) tightening our control plan on our seafood and other meat products. Despite these measures, our like-for-like sales in the months following the incident have declined compared to the same months in prior periods. It has since been determined that we and our consumers were the victims of fraud, where horsemeat intended and certified as fit for human consumption had been sold to the affected supplier relabeled as beef. Additionally, none of these impacted products posed any health or safety risk. We have communicated regularly with customers throughout the incident and we continue to be dedicated to our eight pillars of differentiation: (i) product innovation, taste and variety, (ii) best practices to retain the quality and freshness of our products, (iii) healthy focus, (iv) systematic and strict quality controls, (v) reduction of the impact of our business activities on the environment, (vi) product affordability and convenience, (vii) our strong retail network and robust customer service and (viii) best commercial practices.

For the three months ended March 31, 2013, our Group's sales increased by 2%, our like-for-like sales in our French stores decreased by 1.5%, our like-for-like sales in Italy decreased by 1.8% and our Group's EBITDA decreased by 12.5%, in each case as compared to the three months ended March 31, 2012. The increase in the Group's overall sales was mainly the result of new store openings. The decreases in like-for-like sales and EBITDA were due to the difficult economic conditions experienced in France and Italy and the decline in sales of prepared products in the frozen food industry due to the horsemeat incident in February 2013. This trend has continued into the three months ended June 30, 2013.

As the incident occurred during the three months ended March 31, 2013, our results for that period reflect the negative impact of the incident for only part of the period (from late February 2013 to the end of March 2013), while our results for the three months ended June 30, 2013 (the first quarter of fiscal year 2014) reflect the continuing impact of the horsemeat incident for the full period. See "*Summary—Recent Developments*".

Seasonality and comparability of results

Sales and cash flows are affected by seasonal variations. Sales of frozen food, including seafood, frozen vegetables and complete frozen meals tend to be higher during the winter months, with December sales being approximately double those of other months due to Christmas and New Year's celebrations. We offer a particularly varied and innovative range of festive products during this period that translates into significantly higher sales for such period (with increases in both average basket and number of tickets). Sales increase again during the Easter holiday season and decrease during the summer months as declines in sales in urban areas are only partially offset by increases at summer vacation destinations. At the end of the summer vacation period, sales increase slightly as customers tend to restock their freezers upon returning home. In addition, because Easter falls on a different date each year, some years may include two Easter holidays while others may not include an Easter holiday at all. As a result of these variations, sequential interim period comparisons may not be a good indication of our performance while the calendar effects we experience may bias year-on-year comparisons.

The sensitivity of our cost structure

Excluding purchases of goods sold, we have a largely fixed cost base, which does not fluctuate with the volume of products sold. Instead, our costs generally increase from period to period based on the store openings that define our dynamic expansion strategy and the sensitivity of certain costs to inflation. We are able to control some costs, such as advertising and labor but must maintain sufficient sales of goods to absorb the rise in our expenses to maintain or improve our margins. Moreover, as we expand internationally, we will experience higher costs in the absence of economies derived from existing common platforms and shared resources. In the past, we have proactively managed our cost base. However, certain expenses, such as rents, energy or prices of raw materials, are outside our control. See "Risk Factors—*We are vulnerable to fluctuations in the availability and price of food ingredients and packaging material, as well as to the price of electricity*".

Key Income Statement Items

Below is a summary description of the key elements of the line items of our income statement.

Sales

Sales consist of total revenues from sales of products through our network of stores and Home Service, including delivery fees.

Cost of goods sold

Cost of goods sold consists principally of our costs for the food products we purchase from suppliers. This line item also includes costs for the delivery of products from suppliers to our warehouses, which is included in the product price, as well as packaging costs and insurance.

Other purchases and external expenses

Other purchases and external expenses consists principally of rent for our leased stores, payments for the operation of our logistics platform (which is fully outsourced), publicity, store maintenance, transportation from our warehouses to our stores and Home Service regional bases, energy and other utilities, credit card fees, costs related to temporary employees and consulting fees.

Taxes other than on income

Taxes other than on income includes the real estate tax ("*cotisation foncière des entreprises*"), local taxes ("*taxes locales*"), tax on corporate vehicles ("*taxe sur les véhicules de société*") as well as other taxes, including social contribution for solidarity by companies ("*contribution sociale de solidarité des sociétés*") and tax on commercial areas ("*taxe sur les surfaces commerciales*"). This line item also included a 2% fish tax ("*taxe poisson*") that was in turn included in the price of our products, but was abolished on January 1, 2012. This item does not include taxes on income ("*impôt sur les bénéfices*") or the company value-added contribution ("*cotisation sur la valeur ajoutée des entreprises*"), which are recorded under the line item "Income tax expense".

Personnel expenses

Personnel expenses include principally base salaries and bonuses, payroll charges as well as legal and contractual profit sharing. All our French employees benefit from a legal profit sharing mechanism based on our financial results that in the past has been the equivalent of approximately two months of salary per year. In addition, we offer all our French employees the opportunity to participate in profit sharing tied to sales performance compared to budget.

Depreciation, amortization and provisions

Depreciation, amortization and provisions includes regular depreciation and amortization of non-current assets such as store freezers, Home Service delivery vans and computer hardware and software, but excludes amortization of goodwill (which is a separate line item in the income statement) and impairment and write-downs of non-current assets (which are recorded under “Non-recurring expenses” and “Non-recurring income”). It also includes provisions for operational risks and disputes (principally employment litigation and supplier litigation in the year ended March 31, 2013, see “*Business—legal proceedings*”) and write-offs of overdue receivables.

Finance costs

Historically, finance costs principally included interest expense and expenses relating to our hedging contracts used to hedge the floating rate interest expenses under our Existing Senior Facilities, and after the Offering we expect this to remain unchanged.

Finance income

Financial income primarily includes income on receivables, income on short-term investments and income relating to our hedging contracts.

Income tax expense

Income tax expense is taxes paid on income, including the company value-added contribution (“*cotisation sur la valeur ajoutée des entreprises*”). It does not include other taxes due by us, which are recorded under the line item “Taxes other than on income”.

Condensed Consolidated Financial Information for Picard Bondco

	Year ended March 31,	
	2012	2013
	(€ in millions)	
Sales	1,298.2	1,349.0
Cost of goods sold	(738.6	(764.1
Gross profit	**559.6**	**584.9**
Other operating income	5.6	2.9
Other purchase and external expenses	(203.5	(220.7
Taxes	(17.3	(16.4
Personnel expenses	(152.7	(158.1
Other operating expenses	(3.6	(4.3
EBITDA	**188.0**	**188.3**
Depreciation, amortization and provisions allowances	(30.5	(29.0
Operating profit	**157.5**	**159.3**
Finance costs	(66.4	(64.7
Finance income	1.7	1.9
Share of profit in an associate	0.8	0.2
Income before tax	**93.7**	**96.7**

	Year ended March 31,	
	2012	2013
	(€ in millions)	
Income tax expenses	(20.0	(29.9
Net income	**73.7**	**66.8**
Equity holders of the parent	73.7	66.8
Non-controlling interest	—	—

Results of operations

The following discussion presents selected consolidated financial information of Picard Bondco for the years ended March 31, 2013 and 2012.

Sales

Sales increased by €50.8 million, or 3.9%, from €1,298.2 million for the year ended March 31, 2012 to €1,349.0 million for the year ended March 31, 2013, primarily due to increased volumes in our French stores. This increase in French store sales from €1,249.8 million to €1,292.2 million reflected mainly a 1% like-for-like growth (resulting in a €12.3 million increase in sales) driven by a 1.5% increase in the total number of tickets, partially offset by a 0.5% decline in the average basket as well as an increase in the new stores. The sales of our French stores were adversely affected by difficult economic conditions and, in the three months ended March 31, 2013, by the decline in sales of ready-made products due to the discovery of horsemeat in certain products, which has affected the whole frozen food market.

Total sales in Italy increased by €3.3 million, or 15.3%, from €21.5 million for the year ended March 31, 2012 to €24.8 million for the year ended March 31, 2013, reflecting additional sales from our recent store openings partially offset by a decrease of 2.1% in like-for-like sales as a result of the deterioration of the economic environment.

Total sales from our stores in Belgium and Sweden (the first of which opened during the year ended March 31, 2013) amounted to €5.3 million and €0.4 million, respectively, for the year ended March 31, 2013.

Cost of goods sold

Our cost of goods sold increased by €25.5 million, or 3.5%, from €738.6 million for the year ended March 31, 2012 to €764.1 million for the year ended March 31, 2013. This increase reflected mainly a higher volume of purchases related to our new store openings and improved like-for-like sales in our French stores. Cost of goods sold as a percentage of sales decreased from 56.9% for the year ended March 31, 2012 to 56.6% for the year ended March 31, 2013. As volumes continued to grow, we were able to negotiate more favorable pricing terms with our suppliers.

Gross profit

Our gross profit increased by €25.3 million, or 4.5%, from €559.6 million for the year ended March 31, 2012 to €584.9 million for the year ended March 31, 2013. Gross profit as a percentage of sales of goods increased from 43.1% for the year ended March 31, 2012 to 43.4% for the year ended March 31, 2013 due to more advantageous pricing terms we were able to negotiate with our suppliers.

Other purchases and external expenses

Our other purchases and external expenses increased by €17.2 million, or 8.5%, from €203.5 million for the year ended March 31, 2012 to €220.7 million for the year ended March 31, 2013. This increase mainly reflected additional costs related to the expansion of our store network in France, as well as Italy, Belgium and Sweden. Other purchases and external expenses as a percentage of sales of goods increased from 15.7% for the year ended March 31, 2012 to 16.4% for the year ended March 31, 2013 reflecting following the outsourcing of all our warehouse operations from October 2011, increased store rents, and energy and maintenance expenses combined with higher advertising investment, mainly reflecting an increase in consumer outreach, notably in the form of advertising campaigns to support sales in the difficult economic environment and to respond to the horsemeat incident.

Taxes other than on income

Taxes other than on income decreased by €0.9 million or 5.2% from €17.3 million for the year ended March 31, 2012 to €16.4 million for the year ended March 31, 2013. This decrease primarily reflects the abolition of the fish tax ("*taxe poisson*") as from January 1, 2012, partly offset by higher French social taxes ("*forfait social*") in connection with employee profit-sharing (both legal and contractual), which increased from 8% to 20%. Taxes other than on income as a percentage of sales of goods decreased from 1.3% for the year ended March 31, 2012 to 1.2% for the year ended March 31, 2013.

Personnel expenses

Personnel expenses increased by €5.4 million, or 3.5%, from €152.7 million for the year ended March 31, 2012 to €158.1 million for the year ended March 31, 2013. As a proportion of sales of goods, personnel expenses decreased from 11.8% for the year ended March 31, 2012 to 11.7% for the year ended March 31, 2013.

Wages and salaries increased by €5.2 million, or 5.3%, from €98.0 million for the year ended March 31, 2012 to €103.2 million for the year ended March 31, 2013, as a result of new store openings in France, Italy, Belgium and Sweden combined with annual salary increases granted to personnel at our French stores, partly offset by the outsourcing of the Nemours and Sorgues warehouses from October 2011. As a proportion of sales of goods, wages and salaries increased from 7.5% for the year ended March 31, 2012 to 7.7% for the year ended March 31, 2013.

At €14.6 million for the year ended March 31, 2013, profit sharing remained stable in comparison with profit sharing for the year ended March 31, 2012. The increase in legal profit sharing for the year ended March 31, 2012, resulting from the sale of our warehouses and the meat tax reimbursement, was equivalent to the increase in the contractual profit sharing for the year ended March 31, 2013.

Other personnel expenses increased by €0.2 million, or 0.5%, from €40.1 million for the year ended March 31, 2012 to €40.3 million for the year ended March 31, 2013, notably due to an increase in other employee benefits expense by €0.5 million partly offset by the €0.3 million decrease in payroll charges. This decrease resulted mainly from the €0.9 million impact of the CICE, which has been in effect since January 2013 and was recorded in the fourth quarter of financial year 2013 as a reduction of payroll charges. Excluding the CICE, payroll charges increased by €0.6 million, or 1.6%, from €34.6 million for the year ended March 31, 2012 to €35.2 million for the year ended March 31, 2013, which reflected the increased number of employees in connection with stores openings in France, Italy, Belgium and Sweden partly offset by the outsourcing of the Nemours and Sorgues warehouses. As a proportion of sales of goods, payroll charges slightly decreased from 2.7% for the year ended March 31, 2012 to 2.5% for the year ended March 31, 2013 (or 2.6% excluding the CICE), mainly as a result of the outsourcing of our two logistics warehouses from October 2011.

EBITDA

EBITDA increased by €0.3 million, or 0.2%, from €188.0 million for the year ended March 31, 2012 to €188.3 million for the year ended March 31, 2013. The results for the year ended March 31, 2012 included a €0.5 million non-recurring capital gain realized in connection with the sale of warehouses in September 2011 and the €2.1 million included in other operating income from the reimbursement of a meat tax. Excluding the non-recurring capital gain, the meat tax reimbursement and their impact of €0.9 million on profit sharing, EBITDA increased by €2 million, or 1.1%, from €186.3 million for the year ended March 31, 2012 to €188.3 million for the year ended March 31, 2013. As a proportion of sales of goods, excluding the non-recurring capital gain, the meat tax reimbursement and their impact on profit sharing, EBITDA margin slightly decreased from 14.5% for the year ended March 31, 2012 to 14.0% for the year ended March 31, 2013.

Depreciation, amortization and provisions

Depreciation, amortization and provisions decreased by €1.5 million from €30.5 million for the year ended March 31, 2012 to €29.0 million for the year ended March 31, 2013. As a proportion of sales of goods, this item decreased from 2.3% for the year ended March 31, 2012 to 2.1% for the year ended March 31, 2013.

Operating profit

Operating profit increased by €1.8 million, or 1.1%, from €157.5 million for the year ended March 31, 2012, to €159.3 million for the year ended March 31, 2013. As a proportion of sales of goods, operating profit decreased from 12.1% for the year ended March 31, 2012 to 11.8% for the year ended March 31, 2013. Excluding the net impact of non-recurring items of €1.7 million that had a positive impact on the year ended March 31, 2012, operating profit increased by €3.5 million or 2.2%. Excluding these non-recurring items, operating profit as a proportion of sales of goods slightly declined from 12% for the year ended March 31, 2012 to 11.8% for the year ended March 31, 2013.

Finance costs

Finance costs decreased by €1.7 million, or 2.6%, from €66.4 million for the year ended March 31, 2012 to €64.7 million for the year ended March 31, 2013 due to the decrease in interest expense of €1.5 million mainly related to the repayments made in October 2011, January 2012, April 2012, July 2012 and October 2012 of amounts under the €625 million Existing Senior Facilities Agreement, combined with a decrease in banking margins for the term loan A facility of the Existing Senior Facilities and partly offset by the increase in the amortization of issuing fees reflecting the non-cash write-off of €3.7 million recorded as a result of the debt prepayment of €35.7 million in July 2012 and €60 million in October 2012.

Finance income

Finance income increased by €0.2 million, from €1.7 million for the year ended March 31, 2012 to €1.9 million for the year ended March 31, 2013.

Income before Tax

Income before tax increased by €3 million, or 3.2%, from €93.7 million for the year ended March 31, 2012 to €96.7 million for the year ended March 31, 2013. As a proportion of sales of goods, this item remained flat at 7.2% for the years ended March 31, 2012 and March 31, 2013.

Income tax expense

Income tax expense increased by €9.9 million, from €20.0 million for the year ended March 31, 2012 to €29.9 million for the year ended March 31, 2013, notably, as a result of an increase in non-deductible interest in France. As a proportion of sales of goods, this item increased from 1.5% for the year ended March 31, 2012 to 2.2% for the year ended March 31, 2013.

Net income

Net income decreased by €6.9 million, from €73.7 million for the year ended March 31, 2012 to €66.8 million for the year ended March 31, 2013, as a result of the factors described above.

Liquidity and Capital Resources

Our financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the indebtedness of our subsidiaries, and the interest we are obligated to pay on such indebtedness, which affects our net financial expenses;
- prevailing interest rates, which affect our debt service requirements;

- our ability and the ability of our subsidiaries to continue to borrow funds from financial institutions; and
- our capital expenditure requirements, which consist mainly of costs to build and equip additional stores, maintenance expenses (including store remodelings) and IT projects.

Our cash requirements consist mainly of the following:

- funding capital expenditures;
- funding operating activities;
- servicing our indebtedness and the indebtedness of our subsidiaries; and
- paying taxes.

Our sources of liquidity historically consisted, and will consist after the Offering, mainly of the following:

- cash generated from our operating activities;
- structurally negative working capital inflow generated by our business model;
- borrowings under our Revolving Credit Facility;
- borrowings under debt securities, such as the Senior Notes and the Senior Secured Notes; and
- capital contributions from our shareholders.

We generate working capital inflow because our customers pay cash for our products while we benefit from suppliers' credit. Changes in working capital are mainly driven by trade working capital, particularly the level of inventories and payment terms to merchandise suppliers, and overhead working capital. Our monthly working capital is seasonal, with significant positive cashflow in December and January.

We may decide to refinance the Senior Notes, and our shareholders may decide to refinance the PIK Notes, depending on the financing environment in the future. There is no guarantee that we, or our shareholders, will decide to refinance either the Senior Notes or the PIK Notes, respectively.

Consolidated Cashflow

The following table summarizes certain elements of the consolidated cashflow statement of Picard Bondco for the years ended March 31, 2012 and 2013. Data provided in this table for the years ended March 31, 2012 and 2013 come from our consolidated statement of cashflows as set out in the Picard Bondco audited consolidated financial statements.

	Year ended March 31,	
	2012	**2013**
	(millions of euros)	
Net cash provided by operating activities before interest expense and corporate income tax	187.6	195.2
Corporate income tax	(5.2)	(14.4)
Net cash provided by operating activities before interest expense and after corporate income tax	**182.4**	**180.8**
Net cash used in investing activities	**(28.9)**	**(43.4)**
Issuance of shares	0.0	0.0
Interests paid	(75.2)	(57.7)
Borrowings: new debt raised and repayment	(22.3)	(111.1)
Net cash used in financing activities	**(97.5)**	**(168.8)**
Change in cash and cash equivalents	**56.1**	**(31.4)**
Net cash and cash equivalents at beginning of financial year	80.2	136.3

	Year ended March 31,	
	2012	2013
	(millions of euros)	
Net cash and cash equivalents at end of financial year	136.3	104.9

Net cash provided by operating activities before interest expense and after corporate income tax

Net cash provided by operating activities before interest expense and after corporate income tax decreased by €1.6 million, from €182.4 million in the year ended March 31, 2012 to €180.8 million in the year ended March 31, 2013, as a result of a €9.2 million increase in corporate income tax partly offset by an increase in net cash provided by operating activities before interest expense and corporate income tax of €7.6 million.

Net cash used in investing activities

The €14.5 million increase in the net cash used in investing activities, from €28.9 million in the year ended March 31, 2012 to €43.4 million in the year ended March 31, 2013, mainly reflected the €10.1 million non-recurring proceeds received in September 2011 in relation to the sale of two of our logistics warehouses to a third party.

Our investing activities during the periods under review were principally related to the purchase of property, plant and equipment and intangible assets in connection with new and existing stores and IT equipment and software.

Net cash used in financing activities

Net cash used in financing activities increased by €71.3 million, from €97.5 million for the year ended March 31, 2012 to €168.8 million for the year ended March 31, 2013 as a result of the €88.8 million increase in debt repayment which mainly reflected the partial repayments of the €625 million senior bank loan made in April 2012, July 2012 and October 2012 for a total amount of €110.5 million, which included €95.7 million of prepayments made in July 2012 and October 2012.

This increase in debt repayment was partly offset by the €17.5 million decrease in interest paid from €75.2 million for the year ended March 31, 2012 to €57.7 million for the year ended March 31, 2013 due to the decrease in interest paid under the €625 million Existing Senior Facilities as a result of the partial debt repayment and the decrease in banking margins in relation to the term loan A of the Existing Senior Facilities, combined with the fact that, for the year ended March 31, 2012, the €13.5 million in interest due on April 1, 2011 in respect of the Senior Notes was paid in April 2011 and the interest due on April 1, 2012 was paid on March 31, 2012.

Capital Expenditures

Capital expenditures relate mainly to the opening of new stores, the remodelling of existing stores and IT-related capital expenditures. In the year ended March 31, 2013, capital expenditures increased by €6.9 million, from €36.2 million in the year ended March 31, 2012 to €43.1 million in the year ended March 31, 2013. Capital expenditures as a percentage of sales of goods increased from 2.8% in the year ended March 31, 2012 to 3.2% in the year ended March 31, 2013 mainly as a result of higher remodelling expenditures, maintenance works, widening and transfer works as well as new stores openings in Belgium and Sweden, partly offset by the slight decline in the number of new store openings in France and lower IT-related capital expenditures. Capital expenditures, excluding remodelling and store openings in France, represent 1.2% of sales of goods in the year ended March 31, 2012 and 1.5% of sales of goods in the year ended March 31, 2013. Our French capital expenditures dedicated to expansion are shown in the table below as "*France—New Stores*", and our other store capital expenditures are principally dedicated to general maintenance, security and safety investments.

The table below sets out our consolidated capital expenditures for financial years 2012 and 2013:

	Year ended March 31,	
	2012	2013
	(millions of euros)	
France Stores	**23.4**	**31.7**
New stores	11.5	10.4
Store remodelling[(1)]	9.7	13.0
Other store capital expenditures[(2)]	2.2	8.3
Logistics	0.0	0.1
Information technology & software [(3)]	11.0	5.3
Others—Home delivery	0.3	0.2
Italy capital expenditures[(4)]	1.5	2.3
Belgium and Sweden capital expenditures[(4)]	0.0	3.5
Total capital expenditures	**36.2**	**43.1**
Capital expenditures as a percentage of sales of goods		
France new stores	0.9 %	0.8 %
Store remodelling	0.7 %	1.0 %
Other capital expenditures	1.2 %	1.5 %
Capital expenditures as a percentage of sales of goods	**2.8 %**	**3.2 %**

(1) The rise in store remodelling expenditures in the year ended March 31, 2013 relates to the increase in the number of remodelling operations (from 78 in the year ended March 31, 2012 to 101 in the year ended March 31, 2013), the roll out of our new store concept and increased average cost of remodelling reflecting notably the replacement of some cold rooms.

(2) Other store capital expenditures principally comprise maintenance works and security and safety investments, such as access for the disabled and fire alarms.

(3) The decrease in IT investments in the year ended March 31, 2013 is due to the completion of major IT projects such as the new cash register system implemented in our store network.

(4) The capital expenditures in Italy, Belgium and Sweden in the years ended March 31, 2012 and March 31, 2013 mainly relates to store openings.

Capital Resources

After the Offering, our main sources of financing will be the Senior Notes, the Senior Secured Notes and our Revolving Credit Facility. At March 31, 2013, we had net financial debt (excluding any shareholder loans) calculated in accordance with the Senior Notes Indenture, of €696.8 million, compared to €777.1 million as of March 31, 2012. We define net financial debt (excluding any shareholder loans) in accordance with the Senior Notes Indenture, i.e. bank loans and borrowings plus liabilities under finance and hybrid leases plus other financial debt plus bank guarantees less cash and cash equivalents. At March 31, 2013, we had net financial debt (excluding shareholder loans), calculated in accordance with IFRS, of €667.1 million, compared to €738.3 million as of March 31, 2012. Under IFRS, we define net financial debt (excluding any shareholder loans) as bank loans and borrowings plus liabilities under finance and hybrid leases plus other financial debt less cash and cash equivalents.

Hedging Policy

In the ordinary course of our business, we are exposed to market risk arising from fluctuations in interest rates. To manage this risk effectively, we enter into hedging transactions and use derivative financial instruments, pursuant to established internal guidelines and policies, to mitigate the adverse effects of this risk. We do not enter into financial instruments for trading or speculative purposes.

We utilize interest rate derivative instruments to reduce our exposure to changes in the variable EURIBOR rates on our outstanding loan portfolio. As of March 31, 2013, we were party to interest rate swaps with a notional amount of €385 million whereby we have agreed to pay a fixed rate of 1.37% and will receive a variable rate equal to EURIBOR 3 month on the notional amount. As this agreement matures in October 2013, we have entered into a second swap agreement starting from October 2013 until October

2015, with a notional amount of €258 million, and whereby we have agreed to pay a fixed rate of 0.37% and will receive a variable rate equal to EURIBOR 3 month on the notional amount.

The notional amounts of the interest rate derivative instruments will be reduced in line with the repayment schedule on our loan portfolio. The fair value of our interest rate derivative instruments as of March 31, 2013 was a net liability of €2.3 million.

Substantially all of our revenues, expenses and obligations are denominated in euro. As a result, we are not subject to material market risk relating to exchange rate fluctuations.

After the Offering, we expect that our hedging policy will remain the same.

Contractual Obligations and Commercial Commitments

The table below sets out our contractual obligations and commitments at March 31, 2013:

Contractual obligations	Total	Less than 1 year	1–5 years	More than 5 years
	(millions of euros)			
Long-term debt obligations	1,039.5	79.8	632.3	327.4
Finance lease obligations	2.3	1.0	1.3	—
Operating lease obligations	114.9	49.6	55.2	10.1
Total	**1,156.7**	**130.4**	**688.8**	**337.5**

Off Balance Sheet Commitments

Partnerships

Picard Surgelés has agreed with certain of its suppliers to negotiate an annual volume of purchases. Suppliers may produce and store products dedicated to Picard Surgelés, but the transfer of ownership of these products occurs only at the time of delivery of the goods to Picard Surgelés or its subcontractors' warehouses.

Critical Accounting Policies and Estimates

IFRS-EU requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates and assumptions are based on the information available at the time of preparation of the financial statements and affect the published amounts. Future results may differ from these estimates.

A description of the accounting rules and methods that we apply under IFRS-EU is provided in the notes to the Consolidated Financial Statements of Picard Bondco included herein.

INDUSTRY

Certain of the information set forth in this section has been derived from external sources, including Kantar Consumers Panel and Nielsen Retailers Panel, among others. Industry surveys and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of the information contained in industry publications is not guaranteed. We have not independently verified these market data.

The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. See "Risk Factors" and "Forward-Looking Statements".

Market share data presented in this section are measured by sales.

Frozen Food

We operate in the frozen food distribution segment of the packaged food industry in France, Italy, Belgium and Sweden and on a franchised basis in Corsica and La Réunion. We define frozen food as any type of food that has been deep frozen for preservation purposes, including ice cream. Deep freezing is a food preservation process by which food products are frozen and kept at a temperature of –18°C or colder until sold to consumers.

Frozen food products compete primarily against fresh food, processed food and other preserved food such as canned food and vacuum-packed food. We believe that frozen food products are attractive compared with other types of food products because:

- they offer nutritional quality and taste at least similar to that of fresh food;
- they retain nutrients and vitamins longer and are less perishable than fresh food due to the deep freezing process;
- they can be unfrozen and prepared on an "as-needed" basis which helps avoid waste and overconsumption;
- fruits and vegetables can be harvested at their maturity and then frozen, making it easier for consumers to enjoy them throughout the year;
- prices of frozen food generally tend to be stable and less subject to seasonal variations when compared with the prices of fresh food products; and
- they tend to be easier to prepare.

Frozen food products are typically divided into eight main categories: vegetables, potato-based products, prepared meals, starters, fish, meat, ice cream and desserts. We distribute frozen food products in each of these categories.

During the year ended March 31, 2013, we sold 95.8% (in value) of our frozen food products through our stores in France and 1.9% through Home Service (including sales in Belgium and Spain), with the remaining 1.8% through our stores in Italy, and 0.4% through our stores in Belgium and Sweden.

The French Frozen Food Market

France is an attractive market for frozen food retailers with approximately 97% of French households purchasing frozen products (excluding ice cream) at least once a year.

Frozen food is a niche segment within the food industry. Frozen food products are required to comply with statutory cold chain requirements that address consumer food safety. Given the specialist nature of the business, the need for strong and specialized logistics and distribution platforms and tight control over the cold chain, barriers to entry are high.

Between calendar years 2000 and 2012, the French frozen food market for at-home consumption grew by approximately 26.8%, from approximately €5.6 billion in 2000 to approximately €7.1 billion in 2012. During the same period, we consolidated our leadership position and our revenues increased almost threefold, from approximately €0.5 billion in 2000 to approximately €1.35 billion in the year ended March 31, 2013. We believe that we have influenced the consumption habits of French consumers, namely their perceptions of and preferences for frozen food, while heightening general awareness of frozen food products.

Main Competitors and Market Shares

According to information obtained from our internal analyses, industry surveys and publications (namely those prepared by Nielsen Retailers Panel and Syndigel), we are the leading distributor of frozen food in France with approximately 18.9% (including ice cream) of the French frozen food market in 2012. We distribute and sell our frozen food products directly to retail consumers exclusively through our own network of specialist stores and Home Service.

We compete primarily with:

- multiple grocers, including supermarkets, hypermarkets and convenience stores, which, in 2012, represented, collectively, 52.3% of the French frozen food market;
- other frozen food specialist stores and home delivery retailers, which, in 2012, represented, collectively, 15.7% of the French frozen food market;
- hard discounters, such as Lidl and Leader Price, which, in 2012, represented, collectively, 13.2% of the French frozen food market; and
- fresh food distributors, including multiple grocers and hard discounters, as well as smaller retail stores and delicatessens, where consumers can purchase alternatives to frozen food products, such as fresh food, processed food and other types of preserved food.

We had the largest market share of all frozen food distributors in France for the calendar year 2012, as well as a diversified product base.

Our strong position spans across all product categories and we enjoy a significant market share in categories such as vegetables, prepared meal, desserts, starters, fish and meat.

Multiple grocers

Multiple grocers consist of hypermarkets such as Carrefour and Leclerc, supermarkets such as Casino and convenience stores, such as Daily Monop' and Carrefour City. The frozen food market share of multiple grocers in France has declined from 62.1% in 2000 to 52.3% in 2012. In 2012, Nielsen Retailers Panel estimated that multiple grocers generated frozen food sales of €3.7 billion.

We believe that we and other specialist stores are able to offer a wider variety of frozen food products and, in the case of Picard, at better prices, than most multiple grocers. For example, most of our stores in France offer over 1,100 different frozen food SKUs. Hypermarket chains are generally characterized by a large choice of products (500-750 SKUs) and competitiveness on price, and are typically located outside of city centers. Supermarkets and convenience stores, such as Daily Monop, Carrefour Market and Carrefour City tend to be located closer to customers' homes in city centers, and to carry a smaller range of frozen products (100-300 SKUs) at a higher price point, as well as a range of fresh food, and thus compete with us in terms of both location and product offerings.

In past years, some of the multiple grocers with whom we compete launched offerings that attempted to replicate our products and business model. We believe that these attempts to replicate our business model have been unsuccessful due to a lack of focus, a lack of dedicated innovation teams, weak relationships with suppliers and our competitors' general difficulty in matching the quality, range and value-for-money of our products. Our recent strategy, however, has been to enhance our competitiveness as many retailers are now entering the upmarket range of frozen food products, leading to an increase in product mix and higher average prices, while some of our suppliers have started to distribute their products to multiple retailers under their own brands.

Specialist stores and home delivery retailers

Specialist stores and home delivery retailers mainly consist of ourselves, Toupargel, Thiriet and small local retailers specializing solely in the distribution of frozen food products (Maximo, Argel, Bofrost, Eismann). These competitors generally offer basic products at prices lower than branded products offered by multiple grocers, as well as more expensive product offerings in the case of Toupargel and Thiriet. They usually sell frozen food products of their own brands, rather than national brands, though some, like Toupargel, also sell national brands and fresh products, along with other items such as cleaning products.

The frozen food market share of specialist stores and home delivery retailers in France (including ourselves) has increased from 29.8% in 2000 to 34.6% in 2012. We believe this increase was largely due to the increase in our market share, which more than offset the decline in market share of the other specialist stores and home delivery retailers during the same period.

We are the only specialist frozen food retailer with a national presence and are the largest specialist frozen food retailer in France, with a market share approximately three times larger than those of our closest competitors, Toupargel and Thiriet.

We believe that specialist stores are more attractive to consumers than multiple grocers and hard discounters for reasons including:

- they offer a wider range of frozen food products;
- they have fewer out-of-stock products as a result of their cold chain expertise;
- they offer a better overall shopping experience, including well-organized stores with clear product presentations and a better control of the cold chain; and
- their proximity to consumers increases the likelihood that products will be delivered quickly, which also helps maintain the integrity of the cold chain for the convenience and safety of the consumers.

Hard discounters

Hard discounters are retailers that sell consumer goods at aggressive prices, such as Lidl and Leader Price. Hard discounters generally offer frozen food products at prices significantly lower than specialists and multiple grocers. They compete, however, on a more limited product range, usually focusing on more affordable and lower-quality products. They frequently target low-income households.

The frozen food market share of hard discounters in France has increased from 8.5% in 2000 to 13.2% in 2012, which is in line with their food retail market share gain. Hard discounters were also the fastest growing frozen food distribution channel between 2000 and 2006, increasing their market share from 8.5% in 2000 to 14.5% in 2006, which was less than their increase in penetration of the food retail market as a whole and mostly at the expense of multiple grocers. Since then, their market share has slightly decreased, falling to 13.2% in 2012. Nielsen Retailers Panel estimates that hard discounters accounted for approximately €940 million of French frozen food market sales in 2012.

Market Trends

We believe that the following trends affect and will continue to affect the frozen food industry.

Demographic trends

France’s demographic structure has changed, with more women employed full-time, smaller household sizes and a higher proportion of single-parent families. These trends have decreased the time devoted to meal preparation and increased the demand for easy-to-prepare food options. Frozen food addresses this need by offering ready-made meals, including individual portions, as well as ready-to-cook ingredients allowing customers to save time on the preparation of home-made meals.

Changing consumer lifestyles

Food manufacturers and distributors are highly attuned to the changing preferences and needs of consumers, who have increasingly busy lifestyles and are more focused on health and nutrition. They have addressed these customers' demands by introducing and marketing a variety of convenient, high-quality and healthy food products, or updating certain core products. Industry participants seek to gain a competitive advantage by addressing consumer demands through new product introductions, core products updates and marketing. We continue to expand and refine our frozen food offerings so that they remain relevant and continue to be preferred by consumers.

Focus on healthy food

Consumers are becoming more educated on issues that affect the quality of their food and diet. For example, recent health campaigns in France have educated consumers on the benefits of fresh fruit and vegetables and encouraged French consumers to eat five portions a day. Frozen food products offer nutritional quality and taste similar to that of fresh food and retain nutrients and vitamins longer through deep freezing. The rising rates of cardiovascular disease and obesity have influenced and, we believe, will continue to influence food choices. At the same time, consumers are paying increased attention to the quality of ingredients used, as well as their traceability, sustainability and health effects. As a result of these trends, processed food manufacturers have proposed healthier recipes that are lower in salt, fat and sugar and include more fruits and vegetables. We also expect an increase in the demand for non-processed fruits and vegetables.

Monitoring/Quality control

In addition, following the discovery of horsemeat in certain frozen food products labelled beef throughout the industry in February 2013, the industry has been adversely impacted as some customers have temporarily lost confidence in prepared frozen food products. In response to this issue, market participants, including Picard, have increased monitoring and testing of products, improved traceability mechanisms, introduced alternative shortened supply chains with a focus on local production and launched marketing campaigns to restore consumer confidence.

BUSINESS

Overview

We are the leading retailer of frozen food products in France based on our total sales figures, according to information obtained from our internal analyses and accounting records, industry surveys and publications (namely those prepared by Nielsen Retailers Panel and Syndigel), and are a pioneer in the sector. In 2012, we had an approximately 18.9% market share (including ice cream products) of the approximately €7.1 billion French frozen food market. We offer our customers over 1,100 different frozen food SKUs, including unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of ready-made starters, main courses, desserts and ice cream at various price points. We introduced the concept of premium quality, appetizing frozen food to French consumers when we opened our first store in Paris in 1974. Since then, we have continued to develop the market for frozen food products in France by transforming the way the French public perceives and consumes frozen food.

We sell under our own Picard brands (97.3% of our sales), as well as a few national and international brands, such as Häagen-Dazs, Charal, Bonne Maman and Ben & Jerry's. Our Picard products are sold exclusively through our network of approximately 900 company-operated stores in mainland France (and two franchised stores in Corsica and six franchised stores in La Réunion) as well as through Home Service, which mainly operates in major French cities. We have successfully expanded this network over the years, and we opened an average of 36 new stores per year from 1994 to 2005 and an average of 39 new stores per year over the last seven years. As of March 31, 2013, we operated 898 stores in mainland France (along with two additional franchised stores in Corsica and six in La Réunion), 43 stores in Italy, four stores in Belgium and two stores in Sweden. Most of our stores are located in or near city centers and metropolitan areas.

We outsource the manufacturing of all of our products to approximately 190 different suppliers, allowing us to concentrate on quality control and new product research, development and innovation. We continuously review our product offering and introduce on average approximately 200 new SKUs a year. Many of our products are unique to us, which we believe attracts customers to our stores.

We have successfully increased our sales over the last nine years from €749.5 million for the year ended March 31, 2004 to €1,349 million for the year ended March 31, 2013, representing a compound annual growth rate of 6.7% despite significant economic challenges. Over the same period, we generated a like-for-like sales CAGR of 2.3%. For the year ended March 31, 2013, sales in our retail network in France and Home Service accounted for 97.7% of our total sales, with sales in Italy, Belgium and Sweden accounting for the balance.

History

Our predecessor was founded in 1906 as *les Glacières de Fontainebleau S.A.* by Raymond Picard and originally manufactured and distributed ice blocks. In the 1940s our predecessor began our first wholesale activity in frozen foods. In 1971, we launched our first frozen food catalogue and home delivery sales. In 1973, Armand Decelle acquired the business and became the chairman and CEO. Under his direction, we first focused on the home delivery of unprocessed quality food products, such as vegetables and seafood. In 1974, we opened our first retail store in Paris and we opened stores outside of Paris in Antibes (in the South of France) and Lyon (France's second largest metropolitan area) in 1987. That same year, we opened our 100th store and by 1997 we operated 300 stores. During this period, our product line also evolved to include more sophisticated products, such as prepared meals. In almost 40 years since opening our first retail store we have become a household name in France known for providing premium quality, natural and competitively priced products.

In 1984, we changed our name to Picard Surgelés and we co-founded Primex, a French importer, with a family-owned partner and we currently hold approximately 37% of its share capital. Primex is our principal supplier of fish, as well as a supplier of meat products. In 1991, Carrefour, the listed French food retailer, acquired a 10% stake in Picard Surgelés and in 1994 raised that stake to approximately 74%. From 1994 until 2001, Picard Surgelés and Picard Surgelati operated as subsidiaries of Carrefour. During the

1990s, we more than doubled our presence in France, growing from 184 stores in 1991 to 441 stores in 2000.

In 2001, we were sold to an LBO consortium headed by Candover, which acquired approximately 79% of our share capital. We were subsequently acquired in a secondary LBO in 2004 by funds advised by BC Partners. From 2005 to 2009, we grew from over 600 stores to over 800 stores in France and Italy, opening an average of 46 new stores per year. Philippe Pauze became our CEO in April 2009. On September 14, 2010, AcquiCo, an indirect, wholly-owned subsidiary of the Issuer, entered into a securities purchase agreement to acquire, directly or indirectly, all of the issued and outstanding capital stock of Picard. Since completion of the Acquisition, Lion Capital has been the Issuer's principal shareholder through its investment management funds and indirectly owns, together with minority co-investors, approximately 98.6% of the Issuer's issued and outstanding ordinary shares. Since completion of the Acquisition, Picard management holds an approximately 1.4% indirect interest in the Issuer (based on ordinary shares).

The Acquisition was completed in October 2010 and since June 30, 2010, we continued to expand, opening 49 stores in mainland France and 13 in Italy. In addition, in line with our international expansion strategy, we opened four stores in Belgium, two stores in Sweden along with two franchised stores in Corsica and six franchised stores in La Réunion. We intend on further expanding in Belgium and Sweden while considering other opportunities to expand into new countries and regions in the future.

Our Competitive Strengths

We believe that our unique position in the frozen food market as both a developer of premium quality products and a retailer results from the following key strengths:

Strong, well-recognized brand in France

According to a survey prepared by the consulting firm OC&C, Picard is the leading brand in the French frozen food market and among the most widely recognized retail brands in France. In September 2012, the consulting firm OC&C released the results of a 5,000 consumer panel study in which French consumers ranked Picard as their favorite "bricks and mortar" retail concept in France (behind only internet retailer Amazon). We believe that our leading brand position results from a combination of factors, including our reputation for quality and convenience, the range and diversity of our products and our national footprint of stores situated in high traffic areas. In addition, we constantly seek to innovate and maintain the relevance of our product range. For example, in recent years, we have increasingly focused on healthier and natural products, including our "*Nature et mieux-être*" line, which includes products such as steamed vegetables, as well as a range of low-fat products, comprising the "*Plus d'équilibre*" line of low-fat meals.

We continuously strive to make our prepared meals as balanced as possible, including reducing the levels of salt, saturated fat and hidden sugars. We endeavor to ensure that none of our products contain genetically modified organisms ("GMOs"), artificial colorings, hydrogenated fats or other harmful additives. Moreover, we have devised various niche ranges to meet the specific needs of some of our customers such as gluten-free products or products designed for lacto-ovo-vegetarians. We have also designed a range of products intended to meet the needs of our customers who are looking for a quick, tasty and nutritious prepared meal that is specifically designed for one person and is affordable; the "*formules express*" is priced at €1.99 per unit, which tends to be very popular amongst our customers. The breadth of our product offering is highlighted by one of our taglines, namely, "Picard, a new taste everyday" ("*Picard, chaque jour a un goût nouveau*"). In addition, our strong brand recognition and the fact that consumers associate our food with nutrition, authenticity and taste are key drivers of consumer interest in our products, visits to our stores and our ability to generate high sales volumes and attractive margins. Our strong brand recognition also provides us with a solid platform to further expand both our retail network of stores and Home Service.

Wide range of premium quality products

We offer customers over 1,100 quality SKUs ranging from unprocessed meat, fish and seafood, fruits and vegetables and bakery products, as well as a full range of prepared starters, main courses, desserts and ice cream. We offer a wide range of prepared meals, including traditional French meals, international food, gourmet products and special occasion products. In addition, we offer a range of seasonal products throughout the year. We believe we offer the best value for money in comparison to our competitors. We provide a large selection of products at a variety of price points within each of our product categories, enabling us to capture a broader spectrum of consumers. We believe that the breadth of our product range constitutes a significant barrier to entry. Our range is approximately 1.6 times that of the frozen food range generally stocked by grocers and approximately 8.5 times that of the range generally stocked by convenience stores and hard discounters. Given the breadth and quality of our customer proposition, we believe that we compete not only in the frozen food category but more widely for a “share of stomach” and consequently see further growth potential for our business. Many of our products are unique to Picard, which we believe attracts customers to our stores. In addition, our R&D staff benefits from close relationships with suppliers, who frequently propose new products to us on an exclusive basis, enabling us to maintain a competitive edge. We introduce on average approximately 200 new SKUs per year and we continuously review, update and replace our products to ensure that we always offer our customers innovative and interesting choices. Our experience leads us to believe that our commitment to innovation, our expertise and our ability to create new products each year is unmatched.

Leading market position and extensive store network in France

We were the leading retailer of frozen food products in France for 2011 and 2012 based on our total sales figures, according to information obtained from our internal analyses and accounting records, industry surveys and publications (namely those prepared by Nielsen Retailers Panel and Syndigel). We more than doubled our market share from approximately 9% in 2000 to approximately 18.9% in 2012 (including ice cream) and believe we have been instrumental in influencing the consumption habits of French consumers toward frozen food, helping to drive the growth of the market with our innovation and commitment to quality. Our market position is supported by our extensive store network, which consists of 906 stores in France as of March 31, 2013 (including two franchised stores in Corsica and six franchised stores in La Réunion), which enables us to cover nearly the whole territory of metropolitan France. Due to our extensive experience, and the great care we take, in opening stores, we have been successful at identifying attractive locations; we believe that our store portfolio has a remarkably homogenous performance and we have only rarely closed stores (only 20 in the past four decades in France). We believe that our extensive, high-quality network of retail stores positions us favorably relative to our competitors that do not have such an extensive network and also represents a significant barrier to entry to other competitors.

Flexible business model

We develop most of our products internally but outsource the manufacturing of all of our products to approximately 190 different suppliers. Accordingly, we can typically shift production from one supplier to another with little disruption, and we are generally not dependent on any one supplier. Our largest supplier represented approximately 6% of our purchases by value and our top ten suppliers represented 42% of our purchases by value. In addition, all of our logistics, including all of our ten warehouses, is outsourced. As of March 31, 2013, 792 of our 898 stores in France (excluding franchised stores) were leased pursuant to “commercial leases”, which grant significant rights under French law to lessees compared to leases in many other jurisdictions. We believe that our business model grants us significant flexibility and ability to expand, particularly given the modest capital expenditures required to expand our store network, allowing management to focus on the higher value-added aspects of our business, such as reviewing our product range and keeping operating costs low.

Cash generative and high margin business

Gross profit as a percentage of sales of goods increased from 43.1% for the year ended March 31, 2012 to 43.4% for the year ended March 31, 2013, which we believe is among the highest in the food retail industry, reflecting our strong brand recognition and favorable pricing arrangements with our suppliers. Our business also benefits from relatively low capital expenditure requirements, which is supported by our standardized store format allowing for cost-efficient store openings and maintenance. Over the last two years, our total annual capital expenditure has averaged 3% of sales, of which approximately 37% were related to new store openings. In addition, our working capital is structurally negative, meaning that our working capital requirements tend to generate a cash inflow as we grow the business. Our strong margins, favorable working capital structure and low capital expenditure requirements have allowed us to generate significant cashflow even during the recent economic downturn and has resulted in an average annual EBITDA to cash-flow conversion rate of 82.5% for the last two years. This strong cash flow generation profile has resulted in a meaningful deleveraging since the Acquisition with total net debt being reduced from €855.9 million as of March 31, 2011 to €696.8 million as of March 31, 2013.

Attractive and promising market

Between 2000 and 2012, the French frozen food market for at-home consumption grew by approximately 26.8%, from approximately €5.6 billion in 2000 to approximately €7.1 billion in 2012. During the same period, we consolidated our leadership position and our revenues grew almost threefold, from approximately €0.5 billion in 2000 to €1,349.0 million in the year ended March 31, 2013 in contrast to a decline of 1.1% in the French GDP between calendar year 2000 to calendar year 2012. We believe future market growth will continue to be driven by favorable demographic and sociological trends, such as increases in single-parent families and single-person households, decreases in the amount of time allocated each day to the preparation of meals and an increasing focus on healthy food. Frozen food products offer nutritional quality and taste similar to that of fresh food and retain nutrients and vitamins longer through deep freezing. In addition, our target market extends beyond the frozen food segment into the much larger packaged and chilled food sectors, as we also compete against alternatives, such as fresh products from farmers' markets, traditional bakeries and butcher shops and upscale delicatessens. We believe that French consumers increasingly accept frozen food made from quality ingredients as a healthy, tasty and convenient alternative to fresh food products. In addition, customers are increasingly sensitive to the fact that frozen food significantly limits food waste as customers can use several portions at different times.

Experienced senior management team with strong track record

We have a senior management team composed of ten experienced retail executives with an aggregate tenure of more than 100 years at Picard. The team is led by our Chief Executive Officer Philippe Pauze. Philippe joined our team in April 2009 and has 39 years of experience in the food industry (including 35 years in the food retail industry). Philippe is supported by Christine Declercq, who has been our Chief Financial Officer for eight years, and by the other members of our senior management team, some of whom have been with us for more than 23 years. We believe that the collective industry knowledge and leadership of our senior management team and their record of accomplishment in responding to challenging economic conditions and achieving profitable sales growth will enable us to continue to deliver strong financial results in the future.

Our Strategy

The key components of our strategy are to:

Increase our like-for-like sales growth

We have historically had robust like-for-like sales growth and plan to stabilize our like-for-like sales growth in the wake of the horsemeat incident through various channels of communications, including marketing efforts aimed at reinforcing the critical importance of quality and provenance of our products, highlighting our commitment to quality controls and analyses on all our products, and assisting our customers with any questions they may have. See "*Risk Factors—We are dependent on third-party suppliers to produce our products*". In addition, we intend to bolster sales by emphasizing Picard's fundamental values through a series of communication campaigns in the upcoming months, including our recently designed brochure highlighting eight reasons to choose Picard ("*8 bonnes raisons de préférer Picard*"). We also plan to boost our sales through regular promotions such as the "ten days of shopping" ("*les dix jours shopping*") biannual promotion, typically in June and October, and more specific advertising campaigns to boost sales of seasonal products such as "spring is already at Picard" ("*le printemps est déjà* *chez Picard*"). After the initial stabilization period, we intend to return to positive like-for-like sales growth through the implementation of various operational initiatives, including continued product innovations, incentivization programs at the store level, further enhancement of our brand awareness through, among other initiatives, increased marketing efforts and the expansion of our store network.

We plan to fine-tune product pricing and develop additional marketing and promotional campaigns, as well as allow more sophisticated in-store merchandizing tailored to local consumption and purchasing patterns. In addition, we intend to capitalize on the fact that our website has recently been significantly redesigned to further reinforce our CRM program and enhance our reputation as a unique frozen food retailer. By improving like-for-like sales growth, we should be able to maintain our profit margins while maintaining our market share. We believe that the introduction of our CRM program provides us with an effective framework for deepening our understanding of our customers. We believe this will supply us with the information necessary to develop new products that are responsive to current trends and evolving consumer preferences, which in turn will increase sales.

Strengthen our leading market position

We intend to continue to strengthen our position as the leading retailer of frozen food products in France. In order to do so, we will maintain our commitment to offering customers a wide range of premium quality products at a variety of price points while continuing to develop innovative products that are unique to Picard. We also plan to continue investing in our internal research capabilities and our staff, developing long-term partnerships with leading suppliers and, when necessary, remodeling our stores to ensure that we provide our customers with a superior retail shopping experience. We continuously aim to improve the packaging of our products and intend to adopt a "clean label" approach to enable our customers to more easily ascertain the ingredients contained in our products and their respective origins. We believe that the strength of our brand is one of the most significant factors that contributes to our competitive position in the French frozen food sector. We will continue to strengthen our market position by promoting our brand, products, stores and services.

Continue to selectively expand our retail store network in France

We believe that, over time, there is the potential to continue our successful expansion strategy in France. We believe we can grow our current network from nearly 900 retail stores in mainland France to approximately 1,100 without meaningful adverse effects on our average sales per store. We monitor the cannibalization of sales in surrounding stores following the opening of a new store and have not noticed an increase in cannibalization in the past few years. We believe that a higher density of stores will contribute to top-of-mind awareness for customers and support store visit frequency. Our management team identifies sites based on demographics, the availability of suitable retail space, local economic conditions and other factors that we believe are relevant to the successful expansion of our store network and that should enable us to capitalize on the anticipated increased traffic and sales volume of our new stores. We believe that our new stores will benefit from strong brand awareness and existing marketing campaigns, and consequently require only limited incremental marketing support.

Develop our online platform and Home Service

Although Home Service had historically been mostly a telephone-based business, we believe that the Internet provides us with an opportunity for future growth into a distribution channel that is complementary to our network of stores. Further increasing our online sales will enable us to capture an additional segment of the market and supplement visits to our stores by offering consumers an additional element of convenience. In order to capitalize on the potential to increase our online sales, we have significantly redesigned our website. Our new design, which is comprised of presentation suggestions and recipe plans along with a broad range of information about our products, is intended to act as a showcase for our entire range of Picard products as well as to provide a user-friendly e-commerce website with state-of-the-art online shopping tools for our customers. Moreover, increasing Home Service sales by boosting online orders aims to reduce the structural costs associated with telephone ordering services. For the year ended March 31, 2013, Home Service accounted for 1.9% of our sales.

Develop our international markets

We plan to further expand our existing international network of stores. In the financial year ended March 31, 2013, we opened four stores in Belgium and two stores in Sweden. We opened three new stores in Belgium and two new stores in Sweden between April 1, 2013 and July 15, 2013. We have seen promising results in these new markets with relatively high sales per store and broke even in Belgium for the year ended March 31, 2013, the first year of our expansion into that country. Although most of the products we sell in Belgium and Sweden reflect our product range in France, highlighting our appeal as a French retailer of premium frozen food, we also sell some products that are tailored specifically to the local market, such as frozen venison products in Sweden. We intend to continue our expansion in Belgium and Sweden and will consider other opportunities to expand into new countries and regions in the future, including in jurisdictions where, because of the regulatory environment, the food retail market or the local culture, it would be advantageous to operate through a joint venture arrangement with a local partner. Moreover, in the year ended March 31, 2013, we opened eight additional stores (and closed one store) in Northern Italy, where we currently operate 43 stores. We are fully committed to improving our operating performance in Italy, despite the present difficult economic environment. We also continue to adapt our products to the preferences of our Italian consumers, notably by developing new Italian gourmet specialties in three categories (starters, prepared meals and desserts). Our international operations accounted for 2.2% of our sales for the year ended March 31, 2013.

Our Brand

We are a pioneer in the French frozen food sector and have become known for delivering variety, innovation, premium quality, health, convenience and value to our customers. We created and developed the concept of convenience frozen food stores in France over this period and are now inextricably linked to it. We believe that we have helped drive the growth of the French frozen food market with our innovation and commitment to quality, which has also led to a positive and strong awareness of our brand and our reputation for quality, health and safety.

Our Products

We offer more premium quality frozen food products in terms of number of SKUs than any of our competitors. We have developed an assortment that includes over 1,100 SKUs in stores at a time and covers the entire spectrum of alimentary needs. Our product range includes starters, main courses, desserts and snacks and is organized into the following nine categories: fish and seafood (9%), fruits and vegetables (24%), starters (12%), prepared meals (17%), meat (9%), ice cream (14%), desserts (excluding ice cream) (7%), bakery products (3%) and grocery products/other (5%). We offer a wide range of prepared meals, including traditional French meals, international food, gourmet products and special occasion products, and we recently introduced a range of baby food. In Italy, we have adapted our product offering to local tastes and preferences. Similarly, in Sweden, we sell some products that are tailored to the local market, including frozen venison products. All of our products are aimed at responding to customer preference for food which is flavorful, satisfying, nutritionally valuable, healthy, easy to prepare and economical.

In recent years we have been increasingly focused on healthier, natural and low-fat products. These include our “*Nature et mieux-être*” line of products, such as steamed vegetables, our “*Plus d’équilibre*” line of low-fat meals and products, as well as other organic products and vegetarian meals. We limit the use of chemicals and artificial flavoring across all of our product categories and increased our offerings of non-allergenic products. We also list the number of calories and nutritional values on our packaging.

Fruits and vegetables and fish and seafood are our largest categories in terms of sales, together generating approximately 36.6% of our sales in the year ended March 31, 2013. Our sales by product category for the years ended March 31, 2011, 2012 and 2013 are set forth in the following table:

Product Category	Years ended March 31, 2011 millions of euro	2011 %	2012 millions of euro	2012 %	2013 millions of euro	2013 %
Fruits and vegetables	224.	19.	232.	18.	244.	19.
Fish and seafood	220.	18.	222.	17.	226.	17.
Starters	186.	15.	202.	16.	210.	16.
Ready meals	186.	15.	198.	15.	209.	16.
Meat	149.	12.	153.	12.	158.	12.
Ice cream	97.	8.	104.	8.	104.	8.1
Desserts (excluding ice cream)	79.	6.	83.	6.	88.	6.
Bakery products	20.	1.	22.	1.	23.	1.
Grocery products	17.	1.	18.	1.	20.	1.
Other	0.	0.1	11.	0.	3.	0.
Total retail France	**1,181.**	**100.**	**1,249.**	**100.**	**1,288.**	**100.**
Other (including Home Delivery, Italy, Belgium and Sweden)	44.		4		60.	
Total	**1,225.**		**1,298.**		**1,349.**	

In addition to our own brands, we promote a small number of our suppliers' national brands, such as Häagen-Dazs, Charal and Bonne Maman, pursuant to marketing co-operation agreements. Together these brands represented approximately 2.7% of our sales for the year ended March 31, 2013.

Product innovation and research & development

Product innovation and improvement are an important part of our business. Our R&D, marketing and purchasing departments are centralized and organized according to our nine families of products in order to coordinate the innovation and development process. We believe that product innovation is one of the main ways we differentiate ourselves and also allows us to generate comfortable margins. We constantly review and update our range of products to keep up with our customers' changing needs and preferences and we introduce approximately 200 new SKUs per year (representing nearly 18% of our offering of over 1,100 SKUs). Our new products are rolled out throughout the year and linked to promotions and seasonal demand (for example, we launch special products for Christmas and New Year celebrations, the Chinese New Year and Valentine's Day).

Our innovation policy focuses on developing original products, some of which we anticipate will set trends and create new segments in the frozen food market. Some of our most successful products, such as *moëlleux au chocolat*, have brought popular traditional foods to the frozen food category for the first time. We believe our ability to initiate market trends is partly due to our regular introduction of new products using flavors or techniques that are relatively new in France (examples of which are set out in the table below). We also rely on direct customer feedback, notably through our customer service hotline, in addition to proposals from our suppliers and our own research team. Our R&D team works closely with our purchasing and marketing teams in order to quickly improve our products in response to customer feedback. We believe that we are able, as a result, to quickly improve our products in response to customer comments.

The following table lists and describes some of our significant product innovations.

Year Launched	Product	Description
1988	Papillotes	Papillotes were originally launched using tin foil. In 1998, Picard launched the first-ever papillotes in greaseproof paper (more convenient and quicker to heat in a microwave).
1989-1990	IQF ("Individual Quick Freeze") ready meals	Ready meals, incorporating the latest technical innovations, such as powdered seasoning, sauce drops and coating techniques.
1995	Formule Express	A range of individual meals packed in a special microwaveable tray.

Year Launched	Product	Description
2000	Moëlleux au chocolat	Warm chocolate cake.
2002	Cuisine japonaise	Fresh frozen sushi.
2005	Verrines apéritives salées et les verrines sucrées	Savory and sweet “verrines”.
2006	Mélanges de légumes natures en sachet cuisson vapeur et micro-ondables	Specially packaged mixed vegetables to be steamed in the microwave.
2007	“Délice d’un instant”	Savory and sweet individually packaged pre-cooked products to be reheated in the microwave in two to three minutes.
2008	“Bons Petits Plats Picard”	Individually packaged pre-cooked daily meals including veal risotto, rabbit with olives and white rice as well as sweet crepes and pancakes, to be reheated.
2009	Fruits BIO	Development of organic product line with a large offering of fruits.
2010	Gratins individuels	Individually packaged ready meals to be reheated in the microwave in two to three minutes, including gratin of pasta with ham and gratin of pasta with scallops and leeks.
2010	Nouvelle Sauces et Aides Culinaires	Line of sauces in cube form with updated packaging with a range including pepper sauce and mushroom sauce to be reheated in a few minutes in coconut milk, lemon juice or broth.
2011	“Délice d’un instant” & Glaces Bonne Maman	Individually packaged bagels, smoked salmon and brownies. 8 ice cream products branded “Bonne Maman”.
2012	Gamme Enfant “Mes Premiers Repas”	A range of ready-meals and mashed vegetables for infants.

Our R&D staff of six dedicated full-time employees benefits from close relationships with our suppliers, who frequently propose to us ideas for new prepared products hoping to take advantage of our unique position in the market and the quality of our network of stores. On average, it takes five to twelve months to develop and launch a new product, a period during which we work with a Picard-certified supplier, apply our quality controls to samples, perform taste tests and prepare for sales of the new product in our stores.

We believe we have remained at the forefront of product innovation and improvement by focusing on improving the quality of recipes, ingredients and user-friendliness, including average cooking times. Our staff of purchasers and product managers carry out our efforts in the area of product improvement.

Purchasing and suppliers

We work with approximately 190 suppliers, which supply us with prepared foods and unprocessed frozen food products, including meat, fish, starters, fruits, vegetables, bakery products and ice cream. We select our suppliers based on strict specifications related to product quality and generally reappoint our suppliers of unprocessed food annually and our suppliers of prepared foods every two to three years. We believe the caliber of our suppliers has contributed to Picard’s strong track record of quality control.

We do not believe that we are dependent on any one supplier or that the loss of any one supplier would have a material adverse effect on our business. In the calendar year ended December 31, 2012, our five largest suppliers represented 28% of our purchases by value, our 10 largest suppliers represented 42% of our purchases by value and our 20 largest suppliers represented 60% of our purchases by value. Our largest supplier represented approximately 6% of our purchases by value. We develop most of our products internally but outsource the manufacturing to approximately 190 different suppliers. We invite our suppliers to diversify their own client bases as well.

For the introduction of each new product, we require that our suppliers commit to minimum volume requirements for the initial four months of the product’s availability. We do not otherwise impose volume requirements contractually.

Prepared products

We subcontract the production of prepared products, such as frozen meals, but they are prepared according to our recipes and specifications. We assign to one of our product managers responsibility for overseeing the production process and ensuring conformity with our specifications, including the supplier origin of each ingredient. In the event a supplier does not adhere to our specifications, we have the right to terminate such supplier immediately, and have done so in the past including in the wake of the horsemeat incident. 67% of our products are sourced from suppliers based in France (including, as of March 18, 2013, 100% of the beef used in our products) while the remainder is obtained from suppliers located abroad, including in Italy, Belgium, the United Kingdom and Thailand. In designing our product specifications, we also focus on the length of the supply chain, choosing shorter supply chains where possible, to ensure freshness and effective traceability and a lower carbon footprint. In addition, we now ensure that the country of origin of beef contained in our prepared products is clearly displayed on the packaging and intend to do so for all the main ingredients contained in each of our products.

Unprocessed products

Our suppliers are responsible for the selection and supervision of the food they deliver to us, according to our specifications. We work very closely with our suppliers, whether directly or through our importers, to ensure that our specifications as to quality and quantity are complied with. We treat our suppliers as partners, emphasizing to them that they are harvesting or fishing for us and for our brands. Our contracts with our suppliers typically fix prices for one year, which helps minimize price fluctuation. For high-volume purchases, we generally work with multiple suppliers.

In 2012, we imported products from around the globe, including, for example, New Zealand, Canada, Chile, Italy and Norway. Notably, most of our contracts with suppliers are priced in euros, so we do not have any significant foreign exchange risk.

In order to better manage the importation of seafood and meat products from Norway, New Zealand and Argentina, we co-founded Primex. For the year ended March 31, 2013, purchases from Primex amounted to €45 million, or 6.03%, of our purchases (by value) (compared with €43 million for the year ended March 31, 2012 (5.9% of our purchases (by value)).

Quality Control

We are strongly committed to the quality and safety of our products which are attributes recognized by our customers. We apply stringent standards to surpass legal requirements and we employed a quality control team of 20 full-time employees (as of March 31, 2013) based out of Nemours and Issy-les-Moulineaux in France. This team is responsible for monitoring the quality and safety of our products. Their role includes:

- monitoring international sanitary conditions and developments in order to anticipate issues with respect to the use or origin of certain products;
- instituting and enforcing strict guidelines which our suppliers must follow and performing random spot checks each year of our suppliers' production plants or with our suppliers of unprocessed products;
- performing additional internal controls such as testing deliveries to our warehouses and collecting samples in our stores; and
- conducting laboratory analyses geared at detecting, for example, genetically modified organisms or pesticides and, as of March 2013, DNA tests on meat and fish products (since February 25, 2013 for beef products).

We perform 50,000 tests per year on 63% of our lots, in addition to systematic analyses performed by our suppliers. We test our products for bacteria, radioactivity, heavy metals, additives, GMO, species, weight, ingredients, taste and texture, and as a result of these tests, we reject, on average, 0.6% of processed products before they are shipped to our warehouses. As our tests are performed throughout the cold chain cycle, we may also reject products at various other points in the chain. We believe these tests are essential to the quality and reputation of our brand, and that we are able to effectively monitor the quality and safety of all our products. We believe that our testing practices are often more stringent than required by current regulation. In the 40 years since we opened our first store, we have never been required to make a significant recall of our products for health or safety reasons. In addition, all of our suppliers must be certified by either ISO 22000, IFS, BRC, or by the external audit firm Bureau Veritas.

Our quality control plan regarding scientific activities and international sanitary alerts evolves each year. This is done in order to anticipate potential crises and be in a position to provide quick and adequate answers to them if they do materialize. The horsemeat incident which took place in February 2013 further reinforced the merits of DNA tests (Polymerase Chain Reaction) in identifying different species. These tests are now systematically performed on our beef products and a reinforced control plan is in place for our seafood and other meat products. We also aim to conduct regular audits of each of our suppliers and this audit program has also been reinforced by ensuring strict compliance with our specifications and, in particular, by ensuring that ingredients are correctly pre-validated by our quality service (in terms of quality and origin). The audits are conducted by a team of internal auditors and by certified third-party organizations.

We have fully implemented our integrated SAP platform in all of our stores, and all lots produced by our suppliers are logged into a system for tracking both delivery and quality controls. This platform enables us to more easily track each lot and perform our controls. Our quality control tests are decisive such that products are only purchased and delivered to our stores if they meet the test specifications.

Our competitors, suppliers and customers are aware of our very high cold chain standards. We go beyond the statutory cold chain requirements to ensure the safety of our products for our customers and equip our stores with state-of-the-art freezing equipment.

Our Network of Stores and Home Service

We distribute our products principally through our retail network of stores in France, Italy, Belgium and Sweden, all of which are operated by us (except for two stores in Corsica and six in La Réunion which are franchises). We also operate Home Service in parts of France, Belgium (mainly in and around Brussels), and Spain (only in Barcelona), which allows customers to order by telephone or over the Internet. It has been our continuing strategy to offer the same prices and promotions at all of our stores in France and through Home Service.

Store ownership and leasing

As of March 31, 2013, we owned 105 of our 898 stores in mainland France, most of which we acquired historically upon the exercise of purchase options under our financial leases, and we rent the remaining 793 stores. Most of our leased stores in France are leased pursuant to "commercial leases" (*baux commerciaux*) which grant significant rights under French law to lessees compared to leases in many other jurisdictions. Most of these commercial leases are for nine-year terms (the statutory minimum) and provide termination rights for the tenant at the end of each three-year period upon six-months' prior notice. A typical commercial lease for one of our stores in Italy has a six-year term. Three of our stores in France are leased pursuant to hybrid leases with 12-year terms, which give us the right to either purchase the premises at the termination of the lease for approximately 50% of the initial underlying asset value, change the lease to a standard rental contract or vacate the premises. Finally, 11 of our stores in mainland France are leased pursuant to finance leases (*credits-baux*), which typically provide for a purchase option after a term of 12 years. We believe that our leasing strategy gives us a high level of flexibility in store management.

We rent our stores from a variety of landlords, including individuals and different types of companies.

The table below sets out our commercial lease expirations in mainland France, Italy, Belgium and Sweden for the next nine calendar years, as of March 31, 2013.

Calendar year	Number of leases	% of total leases
2013	107	12.33 %
2014	81	9.33 %
2015	93	10.71 %
2016	116	13.36 %
2017	98	11.29 %
2018	117	13.48 %
2019	79	9.10 %
2020	86	9.91 %
2021	91	10.48 %

The rent paid under most of our commercial lease agreements in France is a fixed sum which is annually reviewed relative to the ICC, published by the *Institut National de la Statistique et des Études Économiques*. In 2013, the automatic adjustment in the ICC led to an increase of approximately €2.6 million or 6% in our invoiced rents. However, since 2010, most of our new commercial lease agreements have an indexation clause based on the ILC, which tends to be less volatile than the ICC.

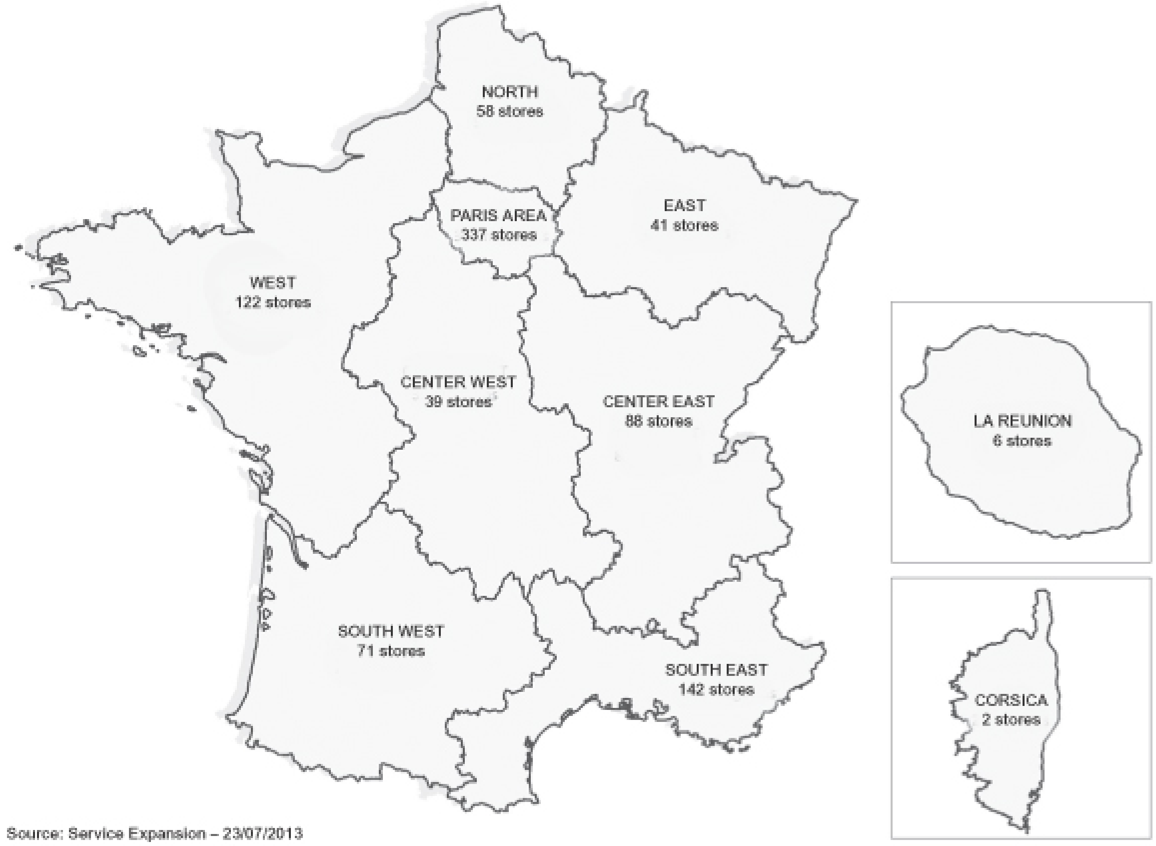
In addition, in accordance with applicable regulations governing commercial leases, commercial rents can be adjusted upon the renewal of the lease, failing which, in the case of some of our leases, new rents may be determined by a competent court.

Stores in mainland France

Our stores (which are equipped with closed freezers) emphasize quality, "clinical" cleanliness and customer service. Picard stores have an average size of approximately 239 square meters and employ on average between three and four full-time employees. We aim, to the extent possible, to give our stores a uniform appearance and refurbish them every six to eight years (in the last three years, approximately 261 of our stores were refurbished). Our stores are usually open from 9:00 a.m. to 7:30 p.m., except in Paris where they are usually open from 9:00 a.m. to 8:00 or 8:30 p.m., and most of them open on Sunday mornings.

Our network of stores covers the whole of mainland France. Our largest concentration of stores is in Paris and Ile-de-France (the area in and around Paris), where we have a total of 337 stores (37.5% of our French store network) as of March 31, 2013, including 114 in Paris. We also have a strong presence in other urban areas, including 36 stores around Nice, Antibes and Cannes, 28 around Lyon, 38 in the Marseille region, 22 around Toulouse and 22 in the Bordeaux region, in each case as of March 31, 2013. In recent years our presence in the west and southwest regions of France has been growing rapidly. We believe the size of our network is a significant barrier to entry.

The map below illustrates the location of our stores in France by region as of March 31, 2013:



In the year ended March 31, 2013, our average sales per store were €1.44 million and our average sales per square meter was approximately €5,960. Despite our expansion, the opening of new stores has not reduced our average sales per store. Average sales per store during the first 12 months of operation amount to approximately €1 million. Our new openings generate higher sales in the first year than they did in the past, which we believe demonstrates the strength of our brand and the selectiveness of our locations. The economics of our stores are relatively homogeneous across our network in France.

Format

We have standardized our stores into four formats: pedestrian, urban, axis and hyper, each of which is chosen as a function of location and customer profile in order to maximize sales. This standardized format means that set-up costs are predictable and relatively low. Our pedestrian stores represent 25.6% of our network and are located in dense urban areas within walking distance for most of our customers. Our urban stores represent 17.1% of our network and have private parking lots. Our axis stores comprise 34.4% of our network, are located along regional main roads and have private parking lots. Finally, our hyper stores account for 22.8% of our network, are the largest of our four store formats and are typically located on the outskirts of large and medium-sized cities.

Pedestrian and urban stores are proximity (or convenience) stores, where customers generally shop once a week and purchase in smaller quantities (the average basket amount is €16.5 and €23.3 respectively). Axis and hyper stores are destination stores, where customers generally shop two to three times a month and purchase in larger quantities (the average basket amount is €28.6).

Our unique concept of “one-way” layout stores, where starters are placed near the store’s entrance and desserts by the check-out, allows customers to naturally shop for a typical three-course meal by walking through the store without the need for shopping lists. This concept has a number of advantages. It encourages customers to discover our entire product range, attracts customers to promotions placed at the entrance of the store, reduces wasted time for customers by helping them to more easily find what they are looking for, allows for easy flow within a store and optimizes space allocation. As a result of information gleaned from our CRM program, we are currently piloting new layouts in some of our stores, with different emphases on certain ranges of products, including organic food, snacking and special occasion items. Moreover, we continue to implement a modernized store concept which includes a new color scheme and signage to further improve the shopping experience of our customers and enhance the conviviality of our stores. Out of our 898 stores in France, nearly one third of them are based on this concept as at March 31, 2013.

Positioning

Our stores have a well-balanced geographical footprint and are mostly located in high-traffic locations in cities of 25,000 inhabitants or more. Positioning our stores in target catchment areas is a critical part of our ability to reach and serve our customer base. We position our stores and identify locations for expansion according to a demographic analysis we call “geomarketing”, which allows us to analyze data from our network of existing stores and French demographic surveys in order to locate areas with untapped potential and priority zones for new development sites. The principal criteria we use to choose the locations of our new stores are:

- population density, which is adjusted for urban and non-urban areas;
- average taxable income per household; and
- socio-economics of potential customers.

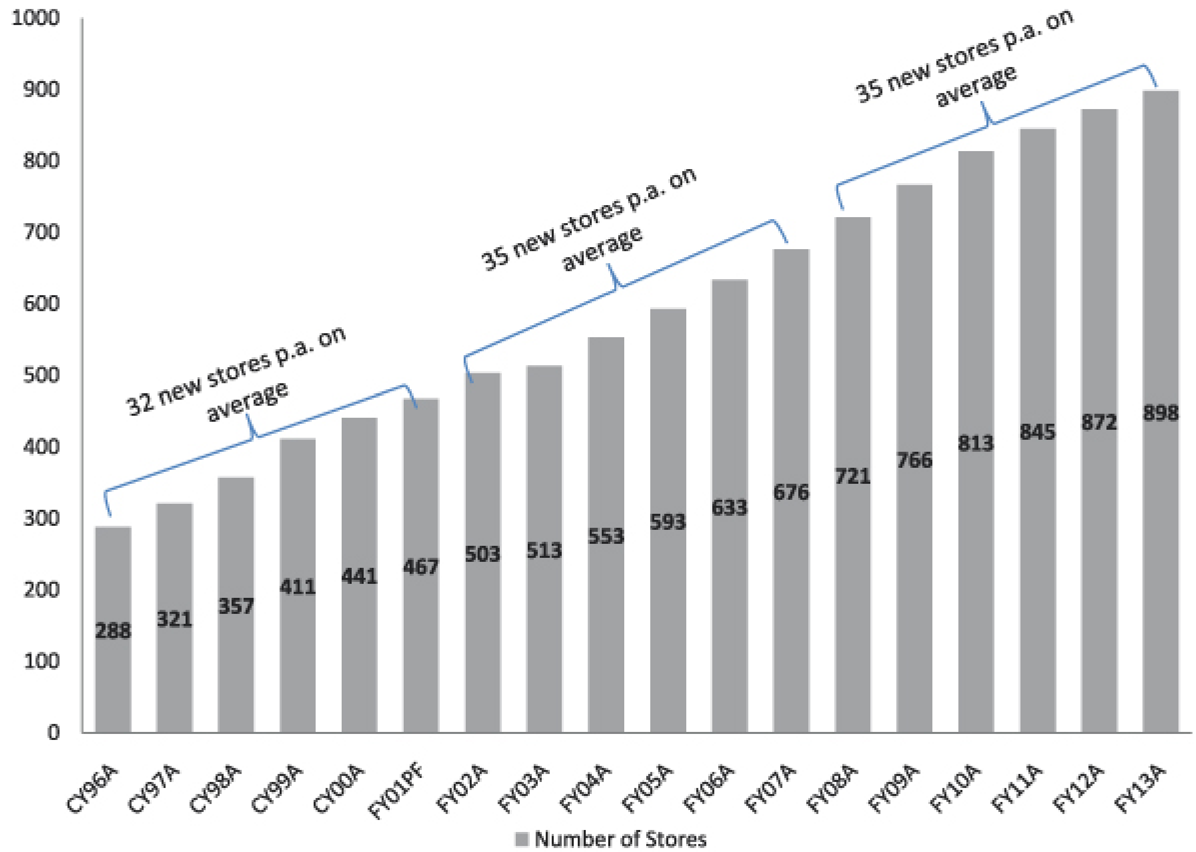
We also monitor our market share and revenues in our currently covered areas. We believe that our geomarketing tools allow us to see our market as a whole, to benchmark stores and evaluate the key factors to stores’ success. Geomarketing operations are conducted by a team of five, headed by our director of development and based at our headquarters in Issy-les-Moulineaux.

Our objective is to become an everyday destination for our clients to ensure high and constant traffic in stores. This is in line with the French population’s average age of 49. Our younger customers tend to purchase our products for their premium quality and serve them at parties. When these customers reach their thirties, they often develop into regular daily consumers of our products as their buying power increases and they search for convenient and quality food to serve their families.

Expansion

We continually seek opportunities to expand our store network in mainland France and have opened on average 36 new stores per year from 1994 to 2005 and an average of 39 new stores per year over the last seven years. We opened 28, 31 and 30 new stores in the calendar years 2012, 2011 and 2010, respectively. Our expansion in mainland France results in a limited degree of sales cannibalization which we regularly monitor. Our track record of opening stores without significant cannibalization is the result of a selective store expansion policy implemented by a team of approximately 13 dedicated persons. On average, cannibalization has a short-term negative impact on sales of impacted stores, which resume their long-term trend line growth after one year and recover their initial sales level after two to three years.

Picard France – Number of Stores Evolution, CY96A-FY13A



We plan to open approximately 100 new stores in mainland France over the next four years. As of June 30, 2013, of the 26 stores in France planned for the year ending March 31, 2014, we had already opened 3 stores, we had signed leases for a further 9 stores and we were negotiating leases for another 9 stores. We believe that there is potential in France for approximately 200 new Picard stores based on our criteria for new openings, with half of these in and around Paris and other large cities. Since our first store opening in 1974, we have only closed a total of 20 stores in France without replacing them with newer stores, out of which 5 were closed in the last five years.

Home Service

Our Home Service customer base consists primarily of individuals or families who wish to order in bulk or are unable or unwilling to travel to our stores. Customers can order over the Internet or from our catalogue by telephone. We have two call centers accepting customer telephone orders, and our website, allows customers to order food online. Home Service is used by approximately 106,000 active customers and serves customers in densely populated areas in France, as well as in certain areas of Belgium (Brussels) and Spain (Barcelona). Through Home Service, our products are offered at retail store prices, plus a €5 to €6 delivery fee.

Our outsourced Cergy and Sorgues warehouses prepare and distribute products to our 21 Home Service regional bases. Orders are then delivered to our customers from these distribution centres by company-owned or leased delivery vans.

In the year ended March 31, 2013, Home Service sales (including delivery fees) were €26.1 million, representing 1.9% of our total sales, compared with €26.6 million in the year ended March 31, 2012 (2.1%

of total sales). We have launched a brand new website in April 2013. This website is based on a totally new technology and has been significantly redesigned. Our new design, which comprises presentation suggestions and recipe plans along with a broad range of information about our products, is intended to act both as a showcase for our entire range of Picard products as well as to provide a user-friendly e-commerce site with state-of-the-art online shopping tools to our customers. With our new website, we also seek to shift Home Service orders from telephone orders to online orders which have a lower structural cost. Internet orders accounted for €14.7 million (or 56.3%) of Home Service sales in the year ended March 31, 2013.

Our historical focus on expanding our store network has slowed the expansion of Home Service. However, we believe that our renewed attention to this sales channel, especially the recent changes to our website, will enhance its consumer appeal and strengthen customer loyalty, increase spending per customer and allow us to reach new customers. This new website should also enable us to develop a digital communication plan.

Stores in Italy

In 1999, we acquired Gelmarket S.p.A., the Italian subsidiary of Gel 2000 International S.A., a French distributor of frozen products then in administrative receivership, which became our subsidiary Picard Surgelati. This acquisition constituted our first international store expansion. Picard Surgelati's network at the time of the acquisition was comprised of 45 stores in the North of Italy and oriented towards a discount-focused clientele.

A number of the stores we acquired in the Gelmarket transaction were poorly located and produced low revenues with limited potential for growth. We therefore closed 14 such stores between July and September 2008. We have also reorganized our Italian store network and product lines so that they more closely correspond to our cost structures, product lines and customer profiles in France, while nevertheless adapting our offerings to Italian tastes. While closing the historical stores that were underperforming, we opened eight additional stores in the year ended March 31, 2013, which better correspond to our business model.

As of March 31, 2013, we operated 43 stores in Northern Italy focused in large cities (Milan, Bologna and Turin). Total sales for the years ended March 31, 2013, 2012 and 2011, respectively, were 24.8 million (1.8% of total sales), €21.5 million (1.6% of total sales), €18.5 million (1.5% of total sales) albeit with a different store count.

Our typical Italian store offers approximately 760 SKUs, approximately half of which are Picard-branded products with Italian packaging or stickers, with the remaining products being national brands. We adapted our product offering in Italy to correspond to local tastes and preferences for frozen fish, raw fruits and vegetables and ice creams as well as to tailor the selection of ready made meals to include a wider range of local dishes. Our products in Italy now have the same price positioning relative to competing national brands as our products in France.

Picard Surgelati has its headquarters at Saronno, near Milan.

Franchised stores and stores in other countries and French overseas departments

In the year ended March 31, 2013, we opened our second franchised store in Corsica, and we are currently envisaging opening additional franchised stores in Corsica in the future. The existing franchised stores are, and any future franchised stores are expected to be, operated by the relevant franchisee in a manner similar to the way we operate our own stores in mainland France. Moreover, since January 2013, six stores in La Réunion, a French overseas department, were also opened on a franchised basis.

In addition, in line with our strategy of further overseas and international expansion we have opened four stores in Belgium and two stores in Sweden, in each case during the year ended March 31, 2013. Between April 1, 2013 and July 15, 2013, we have opened three additional stores in Belgium and two additional stores in Sweden. We will continue our expansion in Belgium and Sweden and may consider expansion into other countries and regions in the future.

Employees

As of March 31, 2013 we had 3,829 full-time equivalent employees in France, 113 in Italy, 15 in Belgium and 3 in Sweden. Approximately 71% of our employees are women. We also employ a number of temporary employees, principally in order to staff our stores during periods with higher customer demand. In the year ended March 31, 2013, for example, we employed from 442 to 2,258 temporary employees with a peak during the December holidays.

The breakdown of our annual average of full-time equivalent employees in France by activity as of March 31, 2011, 2012 and 2013 was as follows:

	As of March 31,		
	2011	2012	2013
Stores	3,022	3,145	3,286
Logistics/supply chain (packaging unit)	271	98	80
Home Service	126	120	116
Headquarters	335	345	347
Total	**3,754**	**3,708**	**3,829**

The breakdown of our annual average of full-time equivalent employees by country as of March 31, 2011, 2012 and 2013 was as follows:

	As of March 31,		
	2011	2012	2013
France	3,754	3,708	3,829
Italy	95	99	113
Belgium(1)	—	—	15
Sweden(2)	—	—	3
Total	**3,849**	**3,807**	**3,960**

(1) As at March 31, 2013 Picard Belgium SA had 25 employees.
(2) As at March 31, 2013 Picard Sweden AB had 20 employees.

All our French employees benefit from a legal profit sharing mechanism based on our financial results that in the past has been equivalent to approximately two months of salary per year. In addition, we offer all our French employees the opportunity to participate in profit sharing tied to sales performance compared to budget. In some cases we offer work-time flexibility with the possibility of part-time work.

Our employees benefit from a training program centered on our values, products, business and management that exceeds legal requirements. We generally favor internal promotion for filling vacancies. In financial year 2013, 88% of store manager positions and 70% of store assistant positions were filled through internal promotions.

We have entered into various collective bargaining agreements in France. There are no material labor agreements or other arrangements whose expiry is pending and which we do not expect to be satisfactorily renewed or replaced in a timely manner. We believe that relations with our employees are good.

Supply Chain

Supply chain functions include forecasting, sourcing of products, storage of goods in outsourced warehouses and transportation to our stores. The entirety of our logistics operations is outsourced (except for the final delivery of our products from warehouses to customers as part of our Home Service), providing us with greater flexibility. Orders to suppliers are centrally managed by our procurement department, based on monthly sales forecasts for each product. Each store is responsible for placing its own orders which are subsequently processed by our centralized logistics and transportation department.

Cold chain

We believe that the strength and quality of our logistics network is critical to the freshness of our products, quality control and customer satisfaction. To this end, we have established a high-standard cold chain to keep our products at temperatures of –20°C or less (below the minimum regulation requirement of –18°C), with an ambient temperature in trucks of –22°C. These requirements apply at all stages of our logistics operations, including during the preparation and transport of our products by our suppliers.

Warehousing

Our substantial distribution network consists of ten distribution centers for stores and two for Home Delivery. In France, as of March 31, 2013, we stored our products in eight warehouses (seven for frozen food and one for grocery), three of which are located in the Paris area, where our largest concentration of stores is. At the end of June 2012, we closed the warehouse in Nemours. All our warehouses in France are now outsourced to our logistics partners: STEF (a leading French company in frozen storage and transportation) and SOFRICA/SOFRILOG (a leading frozen storage specialist in France). Six of these warehouses are dedicated to serving our retail stores (Vitry, Villeneuve sur Lot, Corbas, Rennes, Trappes), while the two other warehouses (Cergy and Sorgues) serve both our retail stores and Home Service.

In addition, Home Service distribution is processed through 21 logistics bases, consisting of cross-dock platforms. We also operate a packaging unit exclusively for unprocessed seafood, located in Nemours. In Italy, we have one warehouse, located in Montova, which is operated by Primafrost SPA, and exclusively serves our Italian stores.

In Sweden, in January 2013, we opened a new outsourced warehouse, in Stockholm, to support the international development of our local stores. Bringfrigoscandia AB, the leading Scandinavian company in frozen storage and transportation, is our local partner.

The following figures show the volume and maximum capacity of our warehouses in France for the year ended March, 31, 2013.

Facility	Owned/Outsourced	Volume (in tons)	Maximum capacity (in tons)	Utilization rate (%)	Number of stores served	Year opened
Nemours[1]	Outsourced to STEF Logistique	2,471	Closed June 2012	N/A	0	1979
Sorgues	Outsourced to STEF Logistique	28,278	35,000	81 %	150	1992
Vitry	Outsourced to STEF Logistique	32,836	37,000	89 %	174	1986
Cergy	Outsourced to STEF Logistique	30,519	36,000	85 %	177	1989
Villeneuve sur Lot	Outsourced to SOFRICA	11,961	20,000	60 %	96	2004
Corbas	Outsourced to STEF Logistique	16,653	20,000	83 %	120	2006
Rennes	Outsourced to SOFRICA	14,090	20,000	70 %	95	2007
Trappes	Outsourced to SOFRICA	17,827	25,000	71 %	100	2008
Total		**154,635**	**193,000**	**80 %**	**912**	

(1) The Nemours warehouse closed at the end of June 2012.

In order to support our future growth, we have added three additional warehouses since 2006. At the end of June 2012, the Nemours warehouse closed, with its operations being absorbed by our remaining warehouses. We believe our warehouses have sufficient capacity to support our estimated needs through March 31, 2015.

Transport

We have three principal transport needs: (i) from our suppliers to our warehouses, (ii) from our warehouses to our stores and Home Service bases and (iii) "last mile transport" from our Home Service bases to our Home Service customers. Deliveries from platforms to stores are conducted depending on the turnover of the store and on the physical capacity of the storage cold room, from daily frequency for bigger stores to once a week. Delivery frequency increases during peak periods, such as December. We deliver products from our warehouses to our 21 regional Home Service bases, and these bases ultimately dispatch deliveries to customers. The number of deliveries per week from our warehouses to the regional bases varies by region.

Transportation costs from suppliers to our warehouses are generally borne by the suppliers. Transportation of products between our warehouses or from our warehouses to our stores is outsourced to regional transporters. In addition, last-mile transport from Home Service platforms is handled by 100 delivery vans operated by us, of which 48 are leased.

Product pricing

Our customers expect us to provide them with premium quality products at good value. In order to remain competitive, while developing our products we pay attention not only to the quality of our ingredients and the taste of our products, but to pricing as well. We separate our products into three price categories: basic, mid-level and premium. Having products in each of these categories allows us to cater to a broad range of customers and their budgets and has helped us to maintain and increase customer traffic during the economic downturn.

Due to our large share of the market, we believe that we are able to negotiate with our suppliers more effectively than other retailers. Our price positioning has allowed us to generate a gross margin representing 43.4% and 43.1% of sales in France in the years ended March 31, 2013 and 2012, respectively. Our products are more expensive than those of hard discounters, but frequently less expensive than those sold by other specialists, in supermarkets or the fresh alternatives. We also believe that our products are typically of a higher quality than those sold by our competitors.

Sustainability

We are committed to reducing the impact of our business activities on the environment. Since 2009, we have structured a detailed action plan that covers issues such as reducing the environmental impact of our products (eco-design) and reducing our carbon footprint, including implementing eco-design in our stores and optimizing transportation of our goods, while always considering the well-being of our employees (in particular in respect of health and safety and working conditions) and our customers. Specifically, this approach has resulted in the implementation of several lifecycle analyses (environmental assessments), an increased seafood supply from sustainable sources (20 Marine Stewardship Council ("MSC") labelled products), 36 organic products, the replacement of our free plastic bags by low-priced recycled bags (resulting in a reduction of 40 million bags each year), the selling of an organic and fair-trade cooler since May 2010, and the environmental labeling of 75 of our products since July 2011 (on our website). A second carbon footprint study was conducted for the 2012 calendar year (which compared the results of our first study in 2009) and we are working on the reduction of our energy consumption and refrigerant leaks. For example, we are testing a self-defrosting freezer using propane, which generates a lower level of carbon emissions and is easier for our store employees to use, resulting in fewer work-related injuries. We are also implementing an eco-design tool for our products. All of our initiatives are included in our first Sustainable Development Report published in June 2012, which is available on our website.

Customer Service and Customer Relationship Management

We established a new department, Client Marketing and Domestic Sales (“*Marketing Client et Livraison à Domicile*”) since April 1, 2011 as part of our strategy to develop a more comprehensive understanding of our customers. Emmanuelle Bazin, head of the department, was previously overseeing our expansion and development activities and remains head of Home Service.

Our approach to customer service is characterized by responsiveness to customers’ questions, suggestions and other comments. We believe this approach allows us to better know our customers, improve our products and adapt our products to our customers’ preferences.

Through our various sales channels, we seek to meet our customers’ expectations for convenience, quality and variety. Most of our stores are open for part or all of the day seven days per week. In addition, through Home Service, orders can be received over the Internet seven days per week and delivery can be made within 48 hours. We also offer to reimburse any unsatisfied customers or replace any goods with which they are dissatisfied.

We have maintained a customer service hotline that has been available to our customers since 1985. In calendar year 2013, we received approximately 22,100 telephone calls and 11,900 emails. We also offer a health service whereby customers with special medical, diet and nutritional questions may telephone and speak to a physician or nutritionist. We have also joined certain social networks, including Facebook, which represent a useful way for our customers to share their experiences while providing us with an additional tool to better understand our customers.

We believe that the introduction of our CRM program provides us with a more comprehensive understanding of our customers. We are enhancing our knowledge of our customers through a CRM database analysis, which we believe may help us increase sales by supplying us with information that is then used to optimize our offerings by tailoring the products available in a given store according to the typical demand profile for stores in similar locations and with a similar client base. Such analysis should aid us in our expansion efforts and we expect it to increase like-for-like sales. For example, following a two-year analysis of individual purchases at our stores, we decided to pilot various changes to the traditional layout of some of our stores. See “*—Stores in mainland France—Format*”.

Advertising and Promotion

Advertising is an integral part of our promotion of our products, our stores and our brand. Our preferred methods of advertising are our monthly home mailings, newsletters, catalogues, in-store signage, billboards, daily regional press and radio. In the year ended March 31, 2013, we spent €26 million in France, Italy, Belgium and Sweden, or 1.9% of our sales of goods, on advertising costs. In the wake of the horsemeat incident, we put in place a special advertising budget of approximately €1.6 million in the financial year ended March 31, 2013. Our advertising costs in France amounted to €23 million or 1.7% of our sales of goods for the year ended March 31, 2013. We spent a total of €16.8 million and €13.4 million on advertising in France in the years ended March 31, 2012 and 2011, respectively. However, despite these relatively low advertising and promotion expenditures, we continue to grow and gain market share and enjoy one of the best brand awareness among French retailers. We believe that the recent increases in such expenditures have contributed to support sales in the difficult economic conditions and to respond to the horsemeat incident.

Our annual advertising budget focuses on the development of business store. We multiply commercial events to increase traffic and purchase occasions. These events are relayed by media (billboards, magazines or radio), by our monthly mailing (we print approximately 14 million copies per month) and in-store communication. Specific media are available in our stores to highlight our strengths in innovation, quality and proximity. Our newsletter, first launched in 1986, depicts the Picard lifestyle with its reports and its recipes. We printed approximately 800,000 copies per month of our newsletter for the year ended March 31, 2013. Our catalogue highlights the breadth of our products range: over 1,100 products, from daily ones to more festive. Our posters and menus cards deliver practical information on the accessibility of our products.

In our stores, we feature 70 to 85 products (135 products in December) in a "selection of the month" promotion that lasts three to seven weeks and is changed 12 times a year. These promotions generally offer average price reductions of approximately 15%. Promotions for the year ended 2013 accounted for approximately 24% of the sales of products on offer (except during the December holiday season where they represent 47% of store sales). Promotions are set nationally without differentiation among regions. Other promotional activities include the *Prix Malins* program introduced at the beginning of 2010 under which we have instituted a policy of introducing two discounted products every ten days for a total of six per month. These six products come from different categories and price points and are focused on introducing our customers to additional products within our varied offerings. In addition, we conduct a "ten days of shopping" ("*les dix jours shopping*") biannual promotion, typically in June and October, where we offer about 20 products at a discount of up to 30%.

Other promotional activities also include mass mailings in support of store openings and sales, daily regional press advertisements, radio spots and point-of-purchase advertising. For instance, we have recently designed a brochure that will be included in most weekly newspapers, highlighting eight good reasons to choose Picard ("*8 bonnes raisons de préférer Picard*") to accentuate the strength of our brand. We also developed more specific advertising campaigns to boost sales of seasonal products such as "spring is already at Picard" ("*le printemps est déjà chez Picard*"). We have recently devised a new approach to our promotional activities, notably by placing our products in a real life context to enable our customers to directly relate our products to their daily lives, rather than focus on the merits of our products in isolation. In a similar vein, we have recently developed a tagline, "Picard, a new taste everyday" ("*Picard, chaque jour a un goût nouveau*") to better expose the merits of our brand to existing and potential customers.

Information Systems

Headquarters and network

We have a dual IT system, which includes both the hardware and software in our retail stores and our centralized IT network.

Each retail store is equipped with a new cash register system, following the completion of our replacement program in July 2012, scanners and a computer to manage sales and supply. This local system receives pricing and other information for a given SKU from our central IT system and uploads the store's commercial activity data to our headquarters' IT system on a daily basis.

Our central IT system is based upon software which is accessible through our network. We use CODA software for general accounting purposes, recording our assets' depreciation, human resource management and tracking our transactions with suppliers. We have also developed our own applications to fulfil our specific needs in relation to the logistics of our supply chain and the management of our warehouses.

Logistics management

As of March 31, 2013, we utilized eight logistics distribution centers in France (seven for frozen food and one for grocery). All of them are outsourced to STEF and SOFRICA/SOFRILOG by way of contracts renewable on a yearly basis.

The supply chain management information system, from our retail stores to our suppliers, is covered by an integrated information system, SAP; i.e., each retail store follows the same ordering and reporting procedures, and we centralize the information relating to our retail stores' commercial activity daily to make the necessary adjustments, in particular relating to our supply chain. We use specific software, *Qlikview*, to analyze the information we gather from our distribution network.

In the first half of 2011, we completed the transformation of our supply chain IT system which began in June 2010 with the migration of our warehouses and the stores they serve to the new system on a rolling basis. The new system principally affects our supply chain and inventory management replacing fax and email ordering with an order proposal procedure. It also enables real-time stock management (rather than tracking by batch and each day-end) and inventory value based on weighted average price (rather than based on the last-known price).

Intellectual Property

We use a variety of trade names, service marks and trademarks in our business. Except for the denominative trademark "Picard" and the word and device trademark "Picard Surgelés' Snowflake", both of which enjoy high brand recognition in France, we do not believe that any of our other trade names, service marks or trademarks is material to our business. "Picard" and "Picard Surgelés' Snowflake" are protected in the European Union by the OHMI (*Office de l'Harmonisation dans le Marché Intérieur*), as well as in countries where we could do business in the future, such as Switzerland.

Insurance

We maintain insurance against various risks related to our business. This includes general third-party and products liability coverage, combined property damage and business interruption policies, as well as directors' and officers' liability coverage. We also maintain the workers' compensation and motor liability coverage that is compulsory in France, Italy, Belgium and Sweden. We consider our policies adequate to cover the major risks of our business, but there can be no assurance that this coverage will be sufficient to cover the cost of defense or damages in the event of a significant claim.

Tax

On June 14, 2011, Picard Groupe S.A.S. and its wholly owned subsidiaries were integrated into the tax structure of Lion Polaris II S.A.S. Such integration took effect on April 1, 2011.

Legal Proceedings

We are involved in a number of claims, principally relating to termination of employment, litigation with former suppliers and commercial rent adjustment claims that have arisen in the ordinary course of our business. As of March 31, 2013, we have recorded provisions of €6.6 million covering various operating risks in particular related to employee disputes.

Tax proceedings

A tax audit of Lion Polaris S.A.S. (renamed Picard Groupe S.A.S.) relating to the year ended March 31, 2004 has been completed. In May 2013, the French tax authorities decided to abandon any potential tax reassessment pertaining to the Acquisition.

A tax audit of Picard Groupe S.A.S. concerning the year ended March 31, 2011 is currently in process. Due to the uncertainty of any potential amount of the tax reassessment, no provision has been booked in the financial statements as of March 31, 2013.

In addition, a tax audit of Picard Surgelés S.A.S. concerning the year ended March 31, 2011 is currently in process in relation to a potential tax reassessment of the fish tax ("*taxe poisson*"). A provision for the year ended March 31, 2013 has been booked based on the estimated liability that we could face.

REGULATION

Our business and real estate activities are subject to laws and regulations regarding frozen food, commercial leases, the environment, public health and safety.

Frozen Food Regulation

We are subject to a broad range of European directives and French regulations regarding the manufacture and sale of frozen foods for human consumption. These directives and regulations define technical standards of production, transport and storage of frozen foods intended for human consumption. European Directive No. 89/108 dated December 21, 1988 (amended by European Directive 2006/107 dated November 20, 2006) establishes the general European regulatory framework for the trade and manufacture of frozen foods. European Directive No. 92/2 dated January 13, 1992 and Regulation 37/2005 dated January 12, 2005 set out specific technical measures for the implementation of the framework established by Directive No. 89/108. Directive No. 92/2 establishes the sampling procedures and the European Community's method of analysis for the official control of such temperatures. Regulation 37/2005 dated January 12, 2005 also details the monitoring of temperatures during the transport, warehousing and storage of frozen foods and Regulation N°178/2002 dated January 28, 2002 lays down the general principles and requirements of food law. Finally, Regulations N°852/2004 and 853/2004 dated April 29, 2004 (as amended by Regulation N°16/2012 dated January 11, 2012) establish specific hygiene rules for food of animal origin and foodstuffs.

These European Directives and Regulations have been introduced in the French regulatory regime. Decree No. 64-949 dated September 9, 1964, as amended by Decree No. 91-1230 dated December 3, 1991, Decree No. 97-1016 dated November 5, 1997, Decree No. 2005-944 dated August 2, 2005, Decree No. 2006-372 dated March 28, 2006, Decree No. 2009-1083 dated September 1, 2009 and the Arrêté dated September 18, 1992 enact Directives No. 89/108, Directive No. 92/2 dated January 1, 1992 and Regulation 37/2005 dated January 12, 2005. In France, frozen products must (i) be of a certain freshness when frozen, (ii) be frozen through a "quick-freezing" process, (iii) always be maintained at temperatures below –18°C, from the time the products are frozen until they reach the consumer and (iv) be free of pathogenic bacteria and comply with bacteriologic conditions set by the French Department of Agriculture and the French Department of Health.

Regulations also require Picard to make declarations prior to operating a business as a manufacturer, distributor or seller of frozen food products. Under Decree No. 64-949 (as amended by Decree No. 2006-372), Picard is required to send a declaration to the *Préfet de Département* of each department in which it intends to open a store, stating its name or business name, address and the nature of the frozen products to be manufactured or sold.

The Arrêté dated June 8, 2006 also requires that the establishments in which food products are prepared, treated, transformed, exposed or sold obtain an authorization (*agrément*) issued by the *Préfet de Département*, before such products are placed on the market. The request for this authorization stands for the declaration to be made in accordance with the Arrêté dated June 28, 1994. In addition, its warehouses must comply with sanitary conditions defined in the Arrêté dated December 21, 2009.

These regulations require Picard to assure internal quality control at each stage of the "cold chain" and to implement any standards, as established by public authorities.

French decrees require specific labeling for frozen food products. Under the French Consumer Code Picard must identify the origin of its food products, as well as the conditions under which they were produced and distributed. French law also sets standards for consumer safety and product liability. French authorities conduct quality controls from time to time, including checks on freezing processes, freshness of the products, and general sanitary conditions.

We believe we are in compliance with the above-mentioned regulations and that we follow internal procedures that are more stringent than applicable governmental regulations and sufficient to maintain the compliance of our facilities and products with the applicable regulatory standards.

Commercial Lease Law

Commercial leases are regulated by Decree No. 53-962 of September 30, 1953, codified in part in Articles L.145-1 *et seq*. and R.145-1 *et seq*. of the French Commercial Code. Articles L.145-1 *et seq*. automatically apply when the lease is granted for commercial, industrial or handcraft activity; when the tenant is running its business from the premises; and when the tenant is registered with the Trade and Companies Registries.

Most of our stores are subject to Articles L.145-1 *et seq*. and R.145-1 *et seq*. of the French Commercial Code, which give the tenant certain rights (in particular the right to renew a lease agreement).

Commercial leases last a minimum of nine years, but rarely exceed twelve years as commercial leases of initial term exceeding twelve years must be registered (at some cost) with the Land Registry.

The tenant has the right to terminate a commercial lease every three years, although this right can be carved out by the parties. The landlord may only terminate the lease at the end of each three-year period if he specifically intends to build, rebuild or raise the height of the existing premises, or, at any time during the lease, if a tenant defaults on the lease obligations described in the lease agreement.

At the end of the contractual term of the lease, the tenant is entitled to have the lease renewed. If the landlord does not grant such renewal, unless the landlord can show good cause (usually the tenant's non-compliance with the terms of the lease agreement), he will be liable to compensate the tenant. This compensation must correspond to the harm suffered by the tenant and include all losses suffered and expenses incurred as a result of the loss of the premises.

Upon expiration of the lease agreement, if the landlord and tenant take no action to renew or to terminate the lease, the original lease will be automatically extended until a notice of termination is served by either the tenant or the landlord.

The parties are free to set the initial rent, generally according to the current market value of the property. The rent may be fixed or composed of a fixed portion (a guaranteed minimum) and a variable portion (determined by reference to a certain percentage of turnover at the leased premises).

<u>Rent revision</u>. Generally, an annual rent indexation clause is included in the lease. The agreed index must have some connection with the activity carried out by one of the parties or with the object of the lease. Most of our commercial leases refer to the Construction Cost Index (ICC) published by INSEE. Furthermore, commercial lease regulation provides for possible rent review (public order regulation, which cannot be carved out) every three years so as to correspond to the rental value, but without exceeding the variation in the quarterly ICC (or if applicable, the ILC) published since the last rent review, unless a material change in local economic factors has modified the rental value of the leased premises by more than 10%. Moreover, if the lease provides for annual rent indexation, the rent may be subject to review by a judge if it increases or decreases by more than 25% compared to the amount previously agreed to by the parties or determined by the court, by reason of such indexation.

Pursuant to Act No. 2008-776 of August 4, 2008 and Decree No. 2008-1139 of November 4, 2008, the ILC was expressly authorized by law for the indexation of the rent of eligible leases entered into by tenants for commercial or artisanal activities. This index aims to smooth out the yearly increase of rents compared to the ICC. Parties to eligible leases are free to choose the index to be applied (subject to the provisions of Article L. 112-2 of the French Monetary and Financial Code).

<u>Rent of renewed lease</u>. Except for leases providing for a variable rent, pursuant to Article L.145-38 of the French Commercial Code, in the absence of any agreement between the parties, the new rent will be determined by a competent court by applying Articles L.145-1 *et seq*. and R.145-1 *et seq*. of the French Commercial Code. The new rent will correspond to the market value determined by the court, taking into consideration the nature and possible uses of the premises, the parties' obligations under the lease and commercial factors such as location, neighboring businesses, proximity to transport routes and comparable local rents. However, the new rent cannot be higher than the original rent, as adjusted according to the variation of the ICC index (or the index applicable to retail leases) since the date on which the rent in the

original lease was set. As a result, the rent fixed for the new lease can be less than current market rates. The ceiling will not apply if there have been significant changes to the parties' obligations or the nature, use or environment of the premises in the interim. The cap rule will also not apply to: (i) leases for office use only; (ii) leases of premises built for a specific single purpose (*i.e.* those built or altered for a specialized purpose rendering them unsuitable for another use without alteration); (iii) leases of an initial term of nine years but which, due to automatic extension, have an effective term of more than twelve years and (iv) leases with initial terms that exceed nine years.

Environmental Law

Some premises may contain facilities classified under environmental protection regulations (ICPE—*Installations Classées pour la Protection de l'Environnement*) enacted pursuant to Articles L.511-1 *et seq.* of the French Environmental Code. A classified facility is a facility that may represent a hazard or nuisance for the convenience of the neighbourhood either for public health, safety and sanitation, agriculture, the protection of nature and the environment and landscape, energy savings or the conservation of historic sites and monuments. Depending on the nature and importance of the operation conducted at the classified facility, the operator is required to make a declaration, to register or to obtain an authorization from the administrative authority. Classified facilities are as a consequence listed by the local governmental authorities. A conversion of the classified facility or any change in its operator must be reported to the authorities.

In addition, when the classified facility is closed down, its operator must at least restore the site so that it does not present any of the hazards or nuisances listed under Article L.511-1 of the French Environmental Code. The operators of classified facilities may be required by the authorities to carry out additional measures to restore the site and make it compatible with the applicable planning rules.

Certain Evolutions of French Tax and Labor Laws

Minimum and low wage employees

The majority of our workforce is comprised of unskilled employees who are paid the legal minimum or close to the statutory minimum wage. We are required to pay social security contributions for our employees which cover illness, maternity leave, incapacity, retirement and death. Pursuant to the Fillon Law (law 2008-1258 of December 3, 2008), we benefit from reductions in such social security contributions in respect of wages that amount to less than 160% of the French statutory minimum wage (*salaire minimum interprofessionnel de croissance*) ("SMIC"). The amount of this reduction is limited to 26% of gross salary, and it increases in inverse proportion to the amount of gross salary (i.e., the reduction is lowest for a gross salary that is just under 160% of the statutory minimum wage, but highest for a gross salary that is equal to the statutory minimum wage). Pursuant to a January 2011 amendment of the Fillon Law, gross salary is calculated on a full-year basis (instead of the monthly statutory minimum wage, as it had been previously calculated). Pursuant to a January 2012 amendment of the Fillon Law, gross salary is deemed to include overtime, bonuses and supplementary working hours.

Supplementary training contribution (contribution supplémentaire à l'apprentissage) and training tax (taxe d'apprentissage)

Pursuant to the French Budget Act for 2011, companies that are subject to the training tax and have at least 250 employees may also be subject to the payment of a supplementary training contribution if trainees and apprentices represent less than 4% of the workforce. This threshold applies to the training contribution payable from 2012 but will increase to 5% of the workforce for the contribution payable from 2015. The rate of this additional training contribution depends on the number of trainees and apprentices working for the company. For the contribution payable in 2012, for companies where trainees and apprentices represent (i) less than 1% of the workforce, (ii) between 1% to 3% of the workforce and (iii) between 3% and 4% of the workforce, the applicable supplementary training contribution rates are (x) 0.25% (or 0.40% for companies of more than 2,000 employees) (y) 0.10% and (z) 0.05%, respectively, of all wages paid by the company that are subject to social security contributions. Companies outside the indicated ranges are not subject to the supplementary training contribution.

With respect to the training tax itself, the rate is equal to 0.5% of all wages paid by the company that are subject to social security contributions.

Tax treatment applicable to overtime

Overtime worked before September 1, 2012 benefited from a preferential tax treatment for both employees and employers. Employers benefited from a flat exemption of social security contributions per hour of overtime paid to employees. The French Second Amended Finance Law for 2012, dated August 16, 2012, repealed this favorable tax treatment as from September 1, 2012. As an exception, the flat exemption of social security contributions remains applicable for companies with fewer than 20 employees.

Social package (forfait social)

For compensation not subject to social security contributions (e.g., amounts paid pursuant to profit-sharing agreements), employers must pay to the French tax authorities a flat social package, computed as a percentage of the compensation paid to employees. As from August 1, 2012, the social package was raised from 8% to 20%.

CICE

In December 2012, the CICE was adopted as part of an overall French government policy to improve the competitive position of companies in France. Pursuant to the CICE, French companies will receive a tax credit of 4% of the gross salaries paid to certain employees for 2013 and 6% of the gross salaries of certain employees in 2014 and subsequent years. The amount of the CICE is calculated on the basis of gross salaries paid in the course of the calendar year, whose wages are below 2.5 times the French statutory minimum wage. Pursuant to the terms of the CICE scheme, an employee's gross salary is calculated on the basis of such employee's normal working hours plus such employee's overtime hours (but without taking into account the overtime rate payable in respect of such overtime). The amounts paid under profit-sharing agreements are also not included in the employee's gross salary for the purpose of computing the CICE. We expect the CICE to have a positive impact on our EBITDA.

Bill for guaranteeing employment (loi sur la sécurisation de l'emploi)

Negotiation involving representatives of labor and management groups led to an agreement on January 11, 2013. Many provisions of this agreement now appear in a bill, voted by the French parliament and published on June 14, 2013. It provides that, *inter alia*:

- From July 1, 2013, employer contributions to the unemployment insurance compensation fund (presently 4%) were increased for certain short-term fixed employment contracts (i.e., fixed term employment contracts that do not exceed three months).
- Hiring an employee under the age of 26 years for an indefinite term would permit the employer to benefit from an exemption from making contributions to the unemployment insurance compensation fund for three or four months (depending on the headcount of each employer).
- Part-time employment is more heavily regulated: an employee may not be hired for less than 24 hours per week and overtime hours shall be paid at a rate of 110%.
- In the absence of an industry-wide collective bargaining agreement, employers must initiate negotiations with employee representatives on the implementation of additional allowances for health expenses. Such additional allowances must be implemented in any event from January 1, 2016. Employers will have to assume responsibility for paying at least half the cost of such supplemental health benefit.

Public Health Law

The buildings we own are subject to asbestos regulation, as described in Articles L.1334-13, R.1334-l4 to R.1334-29 of the French Public Health Code. Depending on the levels of the detected asbestos, the property owner is required to carry out a periodic inspection of the asbestos-containing materials, monitor the level of dust in the air or hire a specialized company to contain or remove the asbestos.

The owner must prepare and update a technical asbestos file on the location and state of conservation of the asbestos-containing materials. This file must be made available to the occupants of the building as well as to persons who may perform work on the building.

Security Standards

Certain premises may fall under the safety standards applicable to buildings open to the public (*établissements recevant du public*—"ERP"), as defined in Articles L.123-1 to L.123-4 and Articles R.123-l to R.123-55 of the French Construction and Housing Code. These provisions define the safety rules for such buildings and, in particular, the required protective measures required against the risk of fire and panic. Buildings open to the public include any building, premise or closed space where people are admitted either free of charge or in consideration of a fee or other payment, or where meetings are held that are open to all, or upon invitation, whether for a fee or otherwise.

Builders, owners and operators of buildings open to the public are required, both during construction and operation, to comply with certain preventive and protective measures to ensure safety, and must also ensure that the facilities and equipment are maintained and repaired in accordance with applicable regulations.

A specific authorization is required for spaces open to public, classified on a scale of 1 to 5 depending on how many persons can simultaneously be in the establishment at any given time. If a space is classified at levels 1-4, the mayor has to issue an order (*arrêté*) authorizing the opening of the establishment after receiving a positive assessment from the competent safety commission once it has carried out an inspection visit. The safety commission will visit the building regularly to check its safety standards.

MANAGEMENT

Management of Picard Bondco

The board of directors of the Picard Bondco is composed as of March 31, 2013 of the following members:

Name	Age	Title
ATC Management (Luxembourg) S.à r.l.[(1)]	—	Director
Javier Ferrán	56	Director
Richard Brekelmans	52	Director
Johan Dejans	46	Director
Paul Cooper	40	Director

(1) ATC Management (Luxembourg) S.à r.l., is a *société à responsabilité limitée* incorporated and existing under the laws of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 103.336, having its registered office at 13-15, avenue de la Liberté, L-1931 Luxembourg, and is represented on the board of the Issuer by its permanent representative Mr. Johan Dejans.

The following paragraphs set forth biographical information regarding the individual directors of Picard Bondco.

Javier Ferrán, 56, is a Partner of Lion Capital. Prior to joining Lion Capital, Mr. Ferrán completed a 20-year career with the Bacardi Group serving in a variety of key executive positions, including a tenure as the President and Chief Executive Officer of Bacardi Limited in 2003 and 2004, and as the Regional President Europe, Middle East and Africa from 1994. Mr. Ferrán received a BA from the University of Barcelona and a BA and MBA from ESADE, Barcelona.

Richard Brekelmans, 52, joined ATC Corporate Services (Luxembourg)'s predecessor in 2000 and has been a director of ATC Corporate Services (Luxembourg) S.à r.l. since its incorporation in 2004. Prior to joining ATC, Mr. Brekelmans assumed various positions within audit firms, principally Ernst & Young, both in Amsterdam and Curaçao. Mr. Brekelmans has served as member of the board or director/manager of several companies in a variety of jurisdictions. He has wide-ranging experience in the administration and domicile of companies in Luxembourg and other jurisdictions. Mr. Brekelmans received his BA from HEAO Amsterdam, School of Economics.

Johan Dejans, 46, is a Managing Director at ATC Corporate Services (Luxembourg) S.à r.l. Prior to joining ATC Corporate Services, Mr. Dejans served as a Managing Director of BBL Trust Services beginning in 1996, which later became ING Trust in 2003. Mr. Dejans received a Masters in Law from Katholieke Universiteit Leuven in Belgium and from Université Libre de Bruxelles in Belgium. He also received a Certificate Ecole Spéciale des Sciences Fiscales from ICHEC in Belgium.

Paul Cooper, 40 is Chief Operating Officer of Lion Capital. Prior to joining Lion Capital, Mr. Cooper was a Partner at Grant Thornton, where he led their M&A Tax practice. Previously Mr. Cooper was an M&A Tax Partner at KPMG and Director of Tax and Structuring at Terra Firma Capital Partners. Mr. Cooper has a first in Physics from Durham University and is a member of the Chartered Institute of Taxation and a fellow of the Institute of Chartered Accountants.

Management of the Issuer

As of March 31, 2013, in accordance with French company law and following the transformation on October 14, 2010 of Picard Groupe S.A. from a *société anonyme* into a *société par actions simplifiée*, the Issuer's affairs were managed by the chairman (*Président*). Picard Groupe S.A.S. was merged into Lion Polaris S.A.S. on June 20, 2011 and Lion Polaris S.A.S. was renamed Picard Groupe S.A.S. upon consummation of the merger.

The chairman has full executive authority to manage Picard's affairs and broad powers to act on its behalf and to represent and bind it in dealings with third parties, subject to the powers expressly reserved by law or by the Issuer's by-laws (*statuts*) to the general meeting of shareholders.

Chairman

Under French law, the chairman in a *société par actions simplifiée* has wide powers, which are limited by the corporate purposes set out in the Issuer's by-laws and matters expressly reserved by the Issuer's by-laws to its shareholders. The chairman is responsible for conducting the Issuer's general activities.

As of March 31, 2013, the Issuer's chairman was Philippe Pauze.

Senior management

As of March 31, 2013, the Issuer's senior management was made up of the following individuals:

Name	Age	Title
Philippe Pauze	63	Chief Executive Officer
Christine Declercq	51	Chief Financial Officer
Emmanuelle Bazin	44	Client Marketing and Home Service Director
Patricia Guyot	50	Sales Director
Delphine Courtier	44	Marketing and Purchasing Director
Joël Amelot	58	Human Resources Director
Elisabeth Bouton	47	Quality and Sustainable Development Director
Yves Moine	55	Supply Chain Director
Hervé Guehl	43	Information Systems Director
Stefano Moretti	44	Director of International Operations

The Issuer's senior management is responsible for the daily operations of the Picard Group.

Set forth below is a brief description of the business experience of the members of the Issuer's senior management.

Philippe Pauze, 63, obtained his degree from École Supérieure de Commerce de Paris. He has 39 years of experience in the food industry, including 37 years in the retail food industry, having worked at Carrefour Group, Panavi and Comptoir Modernes. He was appointed CEO of Picard in April 2009.

Christine Declercq, 51, received her degree in business management from the Institut Commercial de Nancy as well as an additional degree as a certified public accountant (*expert comptable*). She joined Picard as a deputy finance director in 2002 and became CFO in 2005.

Emmanuelle Bazin, 44, graduated from ISC Paris in business management. She joined Picard in 1992.

Patricia Guyot, 50, graduated from Ecole Supérieure des Techniques de Biologie Appliquée (ESTBA), specializing in hygiene and quality control. She joined Picard in 2001 as purchasing manager and became Sales Director in 2009.

Delphine Courtier, 44, graduated from Ecole Nationale Supérieure de Biologie Appliquée à la Nutrition et à l'Alimentation (ENSBANA), specializing as a food-processing engineer. She began her career with Picard in the marketing department and was appointed Marketing Manager in 2006 and Marketing and Purchasing Director in 2009.

Joël Amelot, 58, graduated from ENPC business school with a degree in accounting and corporate management. He joined Picard in 2004.

Elisabeth Bouton, 47, has a DUT degree (*diplôme universitaire de technologie*) specialized in biology applied to the food industry.

Yves Moine, 55, is an agronomical engineer (*AgroParis Tech*) and holds a DEA degree (*diplôme d'études approfondies*) in industrial engineering from Ecole Centrale de Paris. He joined Picard in 2011.

Hervé Guehl, 43, has a degree in computer sciences. He joined Picard in 2005.

Stefano Moretti, 44, has a business degree from Parma University. He joined Picard in 2006.

Other than as disclosed herein, there are no conflicts of interest between the duties of the Chairman or members of senior management and to their private interests or other duties.

PRINCIPAL SHAREHOLDER

All of the Issuer's shares are indirectly controlled by LuxCo 1, a Luxembourg company.

The ownership of the ordinary shares of LuxCo 1, the parent company of the Issuer, is currently as follows (in each case, through one or more holding entities):

- Lion Capital: together with minority co-investors, approximately 98.6%, representing an equity investment estimated to be €551.2 million; and
- Existing Picard management: approximately 1.4%, representing an equity investment estimated to be €7.9 million.

Lion Capital was founded in 2004. It is a consumer-focused investment firm that seeks to make control investments in mid- and large-sized, consumer-retail businesses in Europe and North America. Lion Capital's senior leadership brings over 160 years of collective experience to the firm's activities and has been responsible for the investment of over €6 billion of equity capital in more than 40 companies. Past and present investments in retail and/or with a business presence in France include:

- Orangina Schweppes, the number three player in the European soft drinks market, acquired in 2006. In November 2009, it was sold to Suntory Holdings;
- Materne, the market leader in the ambient compote segment in France and the second largest producer of jams in France. Lion Capital sold the company to Activa Capital, owner of Mont Blanc, a leading manufacturer of ambient dairy cream desserts in France;
- HEMA, an international retailer with a network of over 600 stores in the Benelux, Germany and France, which Lion Capital acquired from Maxeda BV in 2007 for approximately €1.1 billion. The company is the leading general merchandise retailer in the Netherlands, where it has operated for over 80 years. All HEMA products are HEMA branded and designed in-house with production entirely outsourced. HEMA has also expanded into the French market, adapting the concept effectively to local preferences; and
- more recently, in July 2012, Lion Capital invested in Alain Afflelou, the largest optical franchisor in Europe, with a network of nearly 1,100 optical retail stores across France, Spain, Portugal, Belgium, Luxembourg, Switzerland, Morocco, Lebanon and the Ivory Coast.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Management Fees

Following the consummation of the Acquisition, we entered into certain management agreements with Lion Capital, pursuant to which Lion Capital provides strategic, marketing, operation, procurement and other advice to us for a fixed fee, subject to restrictions pursuant to the Existing Senior Facilities Agreement.

DESCRIPTION OF OTHER INDEBTEDNESS AND PREFERRED SHARES

The following summary of certain provisions of the documents below that relate to certain of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.

The Revolving Credit Facility

The Issuer entered into a revolving facility agreement as the original borrower with, *inter alios*, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Credit Suisse International, Goldman Sachs International, Morgan Stanley Bank International Limited, Natixis London Branch and Société Générale as mandated lead arrangers and as original lenders (the "Revolving Lenders") and BNP Paribas as facility agent (the "RCF Agent") and security agent on or about the Issue Date (the "Revolving Credit Facility Agreement"). Such banks or their respective affiliates are the initial purchasers for the Offering of the Senior Secured Notes and BNP Paribas is the security agent for the Senior Secured Notes (the "Security Agent"). Funding under the Revolving Credit Facility Agreement was subject to the satisfaction of a certain number of conditions precedent, including that all facilities (together with all accrued interest and other accrued or payable amounts thereunder) under the Existing Senior Facilities were repaid in full (the date on which this, amongst other things, occurred being the "Closing Date").

The description set forth below is a summary of the principal terms and conditions of the Revolving Credit Facility Agreement, and is qualified in its entirety by reference to the Revolving Credit Facility Agreement and the other documents entered into in connection therewith. We recommend that you refer to the executed Revolving Credit Facility Agreement for further details, copies of which are available from the Issuer upon request.

Structure

The Revolving Credit Facility Agreement provides for a multi-currency revolving credit facility (the "Revolving Credit Facility") of up to a base currency amount of €30 million.

The proceeds of the Revolving Credit Facility shall be used for the general corporate purposes of Picard Groupe S.A.S. and its restricted subsidiaries (but not for any prepayment, purchase, defeasance, redemption, acquisition or retirement of any of the Senior Secured Notes).

The Revolving Credit Facility

The Revolving Credit Facility is repayable at the end of each interest period and shall be fully repaid on the date falling five years after the Closing Date (the "Termination Date"). The Revolving Credit Facility may be drawn in Euro or Swedish Krona or other currency approved by the requisite group of Revolving Lenders and may also be utilised by way of ancillary facilities (including through letter of credits) (each, an "Ancillary Facility"). The Revolving Credit Facility may not be utilized by way of Ancillary Facilities where to do so would result in the Issuer then utilizing Ancillary Facilities in excess of 20 per cent of the Revolving Credit Facility at any time. The Revolving Credit Facility is available from and including the business day following the Closing Date to and including the business day one month before the Termination Date.

Interest rate and fees

Advances under the Revolving Credit Facility will bear interest at rates per annum equal to EURIBOR or, in the case of advances drawn in Swedish Krona, STIBOR (or, in relation to any advances drawn in any applicable currencies other than Euro or Swedish Krona, LIBOR) plus a margin of 3.75% per annum.

In addition to paying interest on loans outstanding under the Revolving Credit Facility, the Issuer will also be required to pay a commitment fee at a rate per annum of 1.5% on the available commitments under the Revolving Credit Facility.

This fee is payable at the end of each successive period of three months and on the last day of the availability period for the Revolving Credit Facility and upon cancellation during the availability period. The rate and time of payment of interest, commission, fees and other remuneration in respect of any Ancillary Facility are as agreed between the borrower of that Ancillary Facility and the relevant Revolving Lender providing that Ancillary Facility based on normal market rates and terms. Agency and certain other fees are payable in connection with the Revolving Credit Facility.

Guarantees and security

On the Closing Date, the Issuer, LuxCo 3, LuxCo 4, French TopCo and Picard Surgelés guaranteed the obligations under the Revolving Credit Facility Agreement. LuxCo 3, LuxCo 4, Picard Surgelés and French TopCo are also guarantors of the Senior Secured Notes. In addition, the Revolving Credit Facility Agreement requires that under certain circumstances (and subject to certain qualifications) future material companies in the Picard Group are to become guarantors under the Revolving Credit Facility Agreement.

As of the Closing Date, the obligations under the Revolving Credit Facility Agreement will be secured by senior ranking pledges over all of the shares of LuxCo 3, LuxCo 4, Picard Surgelati and Picard International S.A.S. and the LuxCo 3 PECs and the LuxCo 4 PECs, senior ranking pledges over the receivables under the LuxCo 4 Proceeds Loan and the PG Intra-Group Loan, junior ranking pledges over the French TopCo Equity Proceeds Loan and AcquiCo Proceeds Loan, junior ranking pledges over the shares in French TopCo, the Issuer and Picard Surgelés and pledges over bank accounts, intragroup loans, material intellectual property rights and certain other material assets (which in each case, will be treated as senior ranking securities under the Intercreditor Agreement and *pari passu* with the Senior Secured Notes).

Prepayment

The liabilities under the Revolving Credit Facility Agreement must be prepaid upon the occurrence of certain events.

For example, in the event of a Change of Control, an Adverse Corporate Decision or a Sale (each as defined in the Revolving Credit Facility Agreement but with the definition of Change of Control being consistent with that applicable to the Senior Secured Notes), the Revolving Credit Facility Agreement requires prepayment in full of all borrowings and the discharge of all other contingent liabilities thereunder and under any Ancillary Facilities.

Indebtedness under the Revolving Credit Facility may be voluntarily prepaid by the borrowers in whole or in part (if in part, in a minimum base currency amount of €1.0 million), upon giving at least three business days' prior notice to the agent. Such payments may be subject to indemnification and the payment of break costs if any such prepayment is not made on the last day of an interest period. Revocable payment notices may be delivered in connection with a full prepayment and cancellation of the Revolving Credit Facility (subject to the payment of break and any other costs if any such full prepayment is not made on the prepayment date specified.)

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 at customary times).

Covenants

The Revolving Credit Facility Agreement contains covenants and related definitions similar (with certain adjustments) to those that are set forth in the Indenture, as well as additional negative covenants including some restricting:

- substantial changes to the general nature of the business of the Picard Group taken as a whole;
- (in respect of LuxCo 3, LuxCo 4, French TopCo and the Issuer) the ability to trade, carry on business, own, acquire or dispose of assets or incur liabilities other than customary exceptions,

including circumstances arising in connection with the Revolving Credit Facility, the Senior Secured Notes and the Senior Notes and through the provision of customary administrative services;

- changes to place of residence for tax purposes; and
- certain prohibited activity with Restricted Parties (as defined in the Revolving Credit Facility Agreement).

The Revolving Credit Facility Agreement also contains a covenant which provides that Picard Bondco shall not and shall procure that no Restricted Subsidiary (as defined in the Revolving Credit Facility Agreement) of Picard Bondco will prepay, purchase, defease, redeem or otherwise acquire or retire the principal amount of any of the Senior Secured Notes whilst an Event of Default (as defined under the Revolving Credit Facility Agreement) is continuing.

The Revolving Credit Facility Agreement also requires the borrowers, the guarantors, the security providers and their respective subsidiaries (as applicable) to observe certain customary affirmative covenants, including, but not limited to, covenants relating to:

- maintenance of authorisations;
- maintenance of funding of pension schemes;
- maintenance of relevant consents and licenses relating to intellectual property;
- preservation of assets;
- compliance with laws, (including environmental and food and health laws);
- further assurance, including the accession under certain circumstances (and subject to certain qualifications) of future material companies in the Picard Group as guarantors under the Revolving Credit Facility Agreement and the granting of security over certain future assets acquired; and
- maintenance of *pari passu* ranking.

In addition, the Revolving Credit Facility Agreement also contains a reporting covenant and related definitions similar (with certain adjustments) to those that are set forth in the Indenture as well as additional information covenants which require, amongst other things, the Issuer to deliver an annual budget to the agent and certain other miscellaneous information.

Events of default

The Revolving Credit Facility Agreement contains events of default similar, with certain adjustments and conforming changes, to those applicable to the Senior Secured Notes as set forth in the section entitled "*Description of the Senior Secured Notes—Events of Default and Remedies*". In addition, the Revolving Credit Facility Agreement also contains the following events of default, namely, misrepresentations, insolvency, insolvency proceedings, unlawfulness and invalidity, repudiation and rescission, failure by French TopCo to maintain the relevant French tax group and cross default to other indebtedness (in excess of an €20 million threshold) of Picard Bondco and its Restricted Subsidiaries (as defined in the Revolving Credit Facility Agreement).

Governing law

The Revolving Credit Facility Agreement is governed by English law, although to the extent that the meaning of words or expressions in the further information undertaking, the restrictive covenants and certain events of default would be different if construed in accordance with New York law than English law, those words will be construed in accordance with New York law.

Intercreditor Agreement

To establish the relative rights of certain of their creditors under the Picard Group's financing arrangements, Picard Bondco, the Issuer, the Guarantors, the security agent for the Senior Notes (the

"Senior Notes Security Agent") and the trustee for the Senior Notes (the "Senior Notes Trustee"), amongst others, entered into an intercreditor deed on October 14, 2010 (as amended on October 28, 2010 and on December 29, 2011 and as further amended and restated on the Issue Date) (the "Intercreditor Agreement") to which, among others, the Revolving Lenders, the RCF Arranger, the RCF Agent, the Security Agent (as security agent for the Senior Creditors (as defined below)) and the trustee for the Senior Secured Notes (the "Trustee") became parties at the time of its amendment on the Issue Date.

By accepting a Senior Secured Note, holders of the Senior Secured Notes will be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The Intercreditor Agreement sets out various matters which govern the relationship of the creditors to the Picard Group including:

- the relative ranking of certain debt of the Debtors (as defined in the Intercreditor Agreement);
- when payments can be made in respect of debt of the Debtors;
- when enforcement action can be taken in respect of that debt;
- the terms pursuant to which certain of that debt will be subordinated upon the occurrence of certain insolvency events; and
- turnover provisions.

The following description is a summary of certain provisions of the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety, and we urge you to read that document because that document, and not the discussion that follows, defines certain of the rights and obligations of the holders of the Senior Secured Notes and the Trustee.

Ranking and priority

Priority of liabilities

The Intercreditor Agreement provides that the following order of priority shall apply to the satisfaction of all obligations owed by each Debtor and each other grantor of collateral to the Senior Creditors (as defined below) and to the Senior Notes Creditors (each as defined below):

- First, each of the following, *pari passu* among themselves:
  - (i) in relation to any member of the Picard Group (other than Picard Bondco) (x) all amounts or liabilities, now or in the future, owed to any finance party under the Revolving Credit Facility under or in connection with the finance documents (as defined in the Revolving Facility Agreement) (the "Finance Documents"), (y) all amounts or liabilities, now or in the future, owed to any holders of the Senior Secured Notes, the Trustee and the Security Agent (the "Senior Secured Notes Creditors" and together with the parties referred to in (x) above, the "Senior Facilities Creditors") under or in connection with the Indenture, the Senior Secured Notes and the Collateral for the Senior Secured Notes (the "Senior Secured Notes Documents") (such liabilities, together with the liabilities referred to in (x) above, being the "Senior Facilities Creditor Liabilities") and (z) all liabilities, now or in the future, other than any Interest Rate Hedge Excess (as defined in the Intercreditor Agreement), owed to any counterparty by the relevant Debtor (the "Priority Hedge Counterparties" and together, with the Senior Facilities Creditors, the "Senior Creditors") under or in connection with hedging agreements entered into for the purpose of hedging interest rate risks in the ordinary course of business and not for speculative purposes (the "Priority Hedging Liabilities" and, together with the Senior Facilities Creditor Liabilities, the "Senior Creditor Liabilities"), *pari passu* between them; and
  - (ii) in relation to Picard Bondco, all liabilities, now or in the future, owed by it under the Senior Notes Indenture (including to the Senior Notes Trustee and Senior Notes Security Agent) (such liabilities being the "BondCo Senior Notes Creditors Liabilities"), *pari passu* between them;

- Second:
  - (i) in relation to any member of the Picard Group (other than Picard Bondco), all liabilities, now or in the future, other than in respect of the BondCo Senior Notes Creditors Liabilities, owed by the Debtors or any other grantor of security to the holders of the Senior Notes, the Senior Notes Trustee and the Senior Notes Security Agent (together, the "Senior Notes Creditors"), under or in connection with the Senior Notes Documents (as defined below) (the "Senior Notes Subordinated Liabilities") and, but only after the enforcement of the LuxCo 3 Proceeds Loan, the liabilities of LuxCo 3 under the LuxCo 3 Proceeds Loan, *pari passu* between them; and
  - (ii) in relation to Picard Bondco, the Senior Creditor Liabilities, *pari passu* between them;
- Third, all liabilities, now or in the future, other than in respect of Priority Hedging Liabilities, owed by any relevant Debtor or grantor of collateral to any counterparty (the "Non-Priority Hedge Counterparties") under or in connection with hedging agreements entered into for the purpose of hedging interest rate risks in the ordinary course of business and not for speculative purposes ("Non-Priority Hedging Liabilities"), *pari passu* between them; and
- Fourth, and subject to clause "Second", subclause (i) above, each of the following, *pari passu* among themselves:
  - (i) all liabilities, now or in the future, owed by any member of the Picard Group to another member of the Picard Group (each, an "Intra-Group Lender") under an intra-group loan agreement (the "Intra-Group Liabilities"); and
  - (ii) all liabilities, now or in the future, owed to any of LuxCo 1, Picard Bondco, LuxCo 3, LuxCo 4, French TopCo and any Intra-Group Lender (the "Subordinated Creditors") under or in connection with the shareholder loan made by LuxCo 1 to Picard Bondco, the LuxCo 3 Proceeds Loan, the LuxCo 4 Proceeds Loan, the French TopCo Equity Proceeds Loan and the AcquiCo Proceeds Loan, and the documents evidencing the terms of the equity investment in Picard Bondco, LuxCo 3, LuxCo 4, French TopCo and the Issuer (together, the "Subordinated Liabilities").

Priority of security

Subject to the third paragraph below, the Intercreditor Agreement provides that the Transaction Security (as defined in the Intercreditor Agreement, the "Transaction Security") (other than the Senior Notes First Ranking Transaction Security (as defined below)) shall secure the liabilities (but only to the extent that such security is expressed to secure those liabilities) in the following order:

- First, each of the following, *pari passu* among themselves: (i) all liabilities, now or in the future, owed to the RCF Agent, the Trustee and the Security Agent in connection with the Finance Documents or the Senior Secured Notes Documents (as the case may be) (the "Senior Facilities Agents Liabilities") and (ii) all liabilities, now or in the future, owed to the Senior Notes Trustee and the Senior Notes Security Agent in connection with the Senior Notes, the Senior Notes Documents (as defined below) (the "Senior Notes Agents Liabilities");
- Second, each of the following, *pari passu* among themselves: (i) the Senior Facilities Creditor Liabilities (other than the Senior Facilities Agents Liabilities) and (ii) the Priority Hedging Liabilities;
- Third, each of the following, *pari passu* among themselves: (i) all liabilities, now or in the future, owed by the Debtors or any other grantor of security to the Senior Notes Creditors under or in connection with the Senior Notes Documents (as defined below) (the "Senior Notes Creditors Liabilities") (other than the Senior Notes Agents Liabilities) and (ii) but only after the enforcement against the LuxCo 3 Proceeds Loan, the liabilities of LuxCo 3 under the LuxCo 3 Proceeds Loan;
- Fourth, *pari passu* among themselves, the Non-Priority Hedging Liabilities; and
- Fifth, but only until the enforcement against the LuxCo 3 Proceeds Loan, the liabilities of LuxCo 3 under the LuxCo 3 Proceeds Loan,

and the Intercreditor Agreement provides that in any event (irrespective of the manner in which such security is constituted) all proceeds of the security shall be applied as described below in the section entitled "*Application of Proceeds*".

The Intercreditor Agreement further provides that Transaction Security granted to secure any Senior Creditor Liabilities and/or any Non-Priority Hedging Liabilities shall benefit from the order of priority set out above notwithstanding that such security may be granted on a lower or less ranking basis.

In respect of security over the LuxCo 3 Proceeds Loan and the bank accounts of Picard Bondco (together the "Senior Notes First Ranking Transaction Security"), the Intercreditor Agreement provides that such security shall rank and secure the following liabilities (but only to the extent that such security is expressed to secure those liabilities) in the following order:

- First, the Senior Notes Agents Liabilities; and
- Second, the BondCo Senior Notes Creditors Liabilities (other than the Senior Notes Agents Liabilities),

and the Intercreditor Agreement provides that in any event (irrespective of the manner in which such security is constituted) all proceeds of the security shall be applied as described below in the section entitled "*Application of Proceeds*".

Permitted Payments

The Issuer and each other Debtor may make payments under the Senior Creditor Liabilities at any time in accordance with the Finance Documents and the Senior Secured Notes Documents (other than a payment under the guarantee provided by Picard Bondco in respect of the Senior Secured Notes, which cannot be made without the prior written consent of the Senior Notes Trustee).

Permitted Payments by Picard Bondco in respect of the Senior Notes

Picard Bondco may make certain payments under the BondCo Senior Notes Creditors Liabilities at any time in accordance with, and subject to the provisions of, the relevant Senior Notes Documents (as defined below), and including:

(a) payments of interest and any additional amounts thereon (arising due to tax deductions or payments) payable on the relevant Senior Notes Creditors Liabilities in the ordinary course in accordance with the terms of the relevant Senior Notes Documents (as defined below); and

(b) permanent repayment of principal on the final scheduled maturity of the relevant BondCo Senior Notes Creditors Liabilities.

Permitted Payments by other members of the Picard Group in respect of the Senior Notes

Subject to the section entitled "Payment Blockage Provisions" below, the guarantors of the Senior Notes, including the Issuer, (the "Senior Notes Guarantors") may (as regards each Senior Notes Guarantor) make payments then due to the Senior Noteholders (as defined below) in respect of the Senior Notes Subordinated Liabilities and (as regards the Issuer) make payments then due to the Senior Noteholders in respect of the Senior Notes Subordinated Liabilities under the Direct Payment Agreement (as defined below) ("Permitted Senior Notes Payments"), in each case:

if:

(a) the relevant payment(s) is (are) of:

   (i) any payment of scheduled interest (or default interest);

   (ii) any payment of any amounts under the Senior Notes Documents providing for tax gross-up, tax indemnities, currency indemnity or increased costs;

   (iii) unless a Senior Facilities Default (as defined below) is continuing, any payment of any consent fee (including) any indemnities and fees under any consent solicitation agent documentation) in connection with any amendment to the Senior Notes Documents (to the extent permitted under the Intercreditor Agreement) which is reasonable and customary for that kind of amendment;

(iv) any payment of Senior Notes Agents Liabilities under the Senior Notes Indenture;

(v) any payment of principal of, including premium on or in respect of, the Senior Notes when due on the applicable fixed maturity date; or

(vi) any payment of fees, costs or expenses incurred in respect of the issuance of the Senior Notes or in the ordinary course of day-to-day administration of the Senior Notes Creditors Liabilities; or

(b) Senior Creditors holding more than 50.1% of the aggregate of the Senior Secured Notes and the loans under the Revolving Credit Facility ("Majority Senior Creditors") have consented to such payment being made.

The term "Direct Payment Agreement" means the direct payment agreement entered into on October 14, 2010 between Picard Bondco, LuxCo 3, LuxCo 4, the Issuer and the Senior Notes Trustee, pursuant to which the Issuer may make payments which are due and payable on the LuxCo 4 Proceeds Loan directly to the Senior Notes Trustee.

Permitted payments of Intra-Group Liabilities

Debtors may make payments in respect of liabilities (whether of principal, interest or otherwise) owed to members of the Group (including the AcquiCo Proceeds Loan, the Luxco 4 Proceeds Loan and the Luxco 3 Proceeds Loan (the "Structural Back to Back Loans"), the French TopCo Equity Proceeds Loan, the Luxco 3 PECs and the Luxco 4 PECs (the "Structural Loans") and the master loan advance agreement between French Topco and the Issuer (the "Master Loan Advance Agreement")) from time to time when due ("Intra-Group Liabilities") if:

(a) the payment arises in connection with a Structural Back to Back Loan as a result of the making of a Permitted Secured Notes Payment; or

(b) (subject to there being no acceleration event occurring in respect of either the Senior Secured Notes, the Senior Notes or the Revolving Credit Facility unless they are made to facilitate payment of the Senior Creditor Liabilities or are made by way of set-off with any payment made by the relevant Debtor as a guarantor under the Revolving Credit Facility Agreement or the Indenture in respect of the obligations of the relevant intra-group lender) the payment arises in connection with an intra-group loan between the Issuer or a subsidiary of the Issuer and another subsidiary of the Issuer or the Issuer (an "Intra-Group Treasury Loan"); or

(c) (A) prior to the date of the discharge in full of the Senior Creditor Liabilities (the "Senior Discharge Date"), the Majority Senior Creditors consent to that payment being made and each Senior Creditor, by way of it becoming a party to the Intercreditor Agreement, confirms that it irrevocably consents to any payment which takes place prior to the Senior Discharge Date and does not breach the terms of the Indenture and the Revolving Credit Facility Agreement and (B) after the Senior Discharge Date but prior to the date of the discharge in full of the liabilities owed by the Debtors or any other grantor of collateral to the Senior Notes Creditors under or in connection with the Senior Notes Documents (the "Senior Notes Discharge Date") and the Non-Priority Hedging Liabilities (the "Final Discharge Date"), (I) Senior Notes Creditors holding not less than 50.1% of the aggregate of the Senior Notes ("Majority Senior Noteholders") consent to that payment being made or (II) after the date of the discharge in full of the liabilities owed by the Debtors or any other grantor of collateral to the Senior Notes Creditors under or in connection with the Senior Notes outstanding on the Issue Date only (the "Original Senior Notes Discharge Date"), such payment is not otherwise prohibited by the Senior Notes Indenture.

Prior to the Senior Discharge Date, payments may not be made under the Master Loan Advance Agreement unless they are made to facilitate payment of the Senior Creditor Liabilities or are made by way of set-off with any payment made by the relevant Debtor as a guarantor under the Revolving Credit Facility Agreement or the Indenture in respect of the obligations of the relevant intra-group lender.

Permitted payments of Subordinated Liabilities

Luxco 1 and Debtors may make payments in respect of Subordinated Liabilities if the relevant payment:

(a) arises in connection with a Structural Back to Back Loan and is permitted under the Intercreditor Agreement as described in paragraph (a) of "Permitted Payments of Intra-Group Liabilities" above; or

(b) arises in connection with a Structural Loan and is permitted as described in "Permitted Payments of Intra-Group Liabilities" above; or

(c) arises in connection with an Intra-Group Treasury Loan and is permitted under the Intercreditor Agreement as described in paragraph (b) of "Permitted Payments of Intra-Group Liabilities" above; or

(d) is not prohibited by the terms of the Revolving Credit Facility Agreement and Indenture and is funded out of dividends distributed by any member of the Group to its shareholders; or

(e) is not prohibited by the terms of the Revolving Credit Facility Agreement and Indenture and is funded out of dividends distributed by any member of the Group to its shareholders for the purpose of enabling French TopCo to make such payment to the Original Investors (as defined in the Revolving Facility Agreement); or

(f) is not prohibited by the terms of the Revolving Credit Facility Agreement and Indenture and is funded out of dividends distributed by any member of the Group to its shareholders for the purpose of enabling French TopCo to make such payment to its relevant shareholders; or

(g) is not prohibited by the terms of the Revolving Credit Facility Agreement and Indenture and is funded out of dividends distributed by French TopCo or any member of the Group to its shareholders or, as regards French TopCo only, is funded out of a repayment of its ordinary share capital.

On and after the Original Secured Notes Discharge Date, a payment of Subordinated Liabilities may be made if it is not prohibited by the terms of the Revolving Credit Facility Agreement and the Indenture.

Prior to the Original Secured Notes Discharge Date, no payment of any kind may be made by any member of the Group in respect of any preferred shares issued by BondCo to French TopCo unless that payment is a dividend permitted under the Senior Notes, the Senior Notes Indenture or under the security documents evidencing the security in respect of the Senior Notes.

Payment blockage provisions

The Guarantors and the Issuer may not, without the prior consent of the Majority Senior Creditors, be permitted to make any payment in respect of the Senior Notes Subordinated Liabilities if:

(i) a payment default in excess of €100,000 (or its equivalent) with respect to the Senior Facilities Creditor Liabilities has occurred and is continuing (a "Senior Facilities Payment Default"); or

(ii) a default, other than a Senior Facilities Payment Default, under the Revolving Facility Agreement or under the Indenture has occurred and is continuing (a "Senior Facilities Default"), and the RCF Agent, the Trustee or the Security Agent has, within 75 days of having received written notice of such default, served a payment blockage notice to the Senior Notes Trustee and Picard Bondco (the "Senior Notes Payment Blockage Notice").

A Senior Notes Payment Blockage Notice will remain outstanding until the earliest of the date:

(a) on which the Senior Facilities Default has been remedied or waived in accordance with the Revolving Credit Facility Agreement or the Indenture (as the case may be);

(b) on which the RCF Agent or the Trustee (as the case may be) notifies the Senior Notes Trustee and Picard Bondco that the relevant Senior Notes Payment Blockage Notice served by it is cancelled;

(c) the Senior Discharge Date;

(d) the first day that is 179 days after the date of service of such Senior Notes Payment Blockage Notice; and

(e) the expiry of a Senior Notes Standstill Period (as defined below) in existence at the date of service of the Senior Notes Payment Blockage Notice.

Only one Senior Notes Payment Blockage Notice is permitted to be served in any consecutive 360-day period.

Standstill on enforcement

No Senior Notes Creditor will be entitled to take any action against any Debtor to enforce the obligations owed under the Senior Notes Indenture, the Senior Notes, the Intercreditor Agreement and the collateral for the Senior Notes (together, the "Senior Notes Documents").

The foregoing restrictions will not apply if:

- an acceleration event has occurred under the Revolving Facility Agreement or the Indenture (as the case may be) and the Senior Facilities Creditors are pursuing an enforcement action in respect thereof, in which case the Senior Notes Creditors may pursue the same;
- an event of default under the Senior Notes Indenture has occurred (other than failure to pay principal on a scheduled maturity date) and (i) a standstill period (a "Senior Notes Standstill Period") of 179 days from the date the RCF Agent or the Trustee (as the case may be) and Picard Bondco received notice of that event of default has expired; (ii) at the end of the Senior Notes Standstill Period the event of default is continuing; and (iii) the Senior Notes Security Agent has given not less than five business days' notice before taking enforcement action;
- the Security Agent has given notice to the Senior Notes Security Agent that any collateral or guarantee in respect of the Senior Creditor Liabilities owed by a relevant Debtor is to be enforced (a "Senior Enforcement"), in which case, the Senior Noteholders holding not less than 50.1 per cent. of the principal amount of outstanding Senior Notes may instruct the Senior Notes Security Agent to (i) take the same enforcement action against the same relevant Debtor and/or (ii) where the relevant Debtor is Picard Bondco, take enforcement action in relation to the Senior Notes First Ranking Transaction Securities, except if the relevant Senior Enforcement consists of the enforcement of shares in LuxCo 3, in which case, the Senior Notes Security Agent may only take the enforcement action referred to in (i) above;
- the Majority Senior Creditors have consented to such enforcement action;
- any other Senior Notes Standstill Period outstanding at the date as such first-mentioned Senior Notes Standstill Period commenced has expired and the relevant Event of Default in relation to that other Senior Notes Standstill Period is continuing and the Senior Notes Security Agent has given not less than five business days' notice before taking enforcement action;
- a failure to pay principal under the Senior Notes Indenture upon the relevant scheduled maturity date has occurred and the Senior Notes Security Agent has given not less than five business days' notice before taking enforcement action;
- an insolvency event has occurred in relation to any member of the Picard Group, provided that such insolvency event was not the result of the actions of any Senior Notes Creditor; or
- the action is against Picard Bondco in respect of the BondCo Senior Notes Creditors Liabilities and does not relate to an enforcement of a guarantee, the exercise of any right to require a member of the Picard Group to acquire any liability or the enforcement of the collateral.

Turnover of receipts

If at any time before the latest to occur of the discharge in full of (A) the Senior Creditor Liabilities (the "Senior Discharge Date"); (B) the liabilities owed by the Debtors or any other grantor of collateral to the Senior Notes Creditors under or in connection with the Senior Notes Documents; and (C) the Non-

Priority Hedging Liabilities (such time, the "Final Discharge Date"), any Senior Creditor, Senior Notes Creditor, Non-Priority Hedge Counterparty or creditor of any Subordinated Liability receives or recovers:

(i) any payment or distribution of, or on account of or in relation to, or on account of the purchase or acquisition of, any of the liabilities which is not permitted under the Intercreditor Agreement;

(ii) 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 (x) on account of or in relation to any liabilities (A) after the occurrence of an acceleration event or enforcement of collateral where such collateral has become enforceable (a "Distress Event") or (B) as a result of any other enforcement action against a member of the Picard Group (other than after the occurrence of an insolvency event in respect of that member of the Picard Group or relevant Debtor) or (y) by way of set-off in respect of any liabilities owed to it after the occurrence of a Distress Event;

(iv) the proceeds of enforcement of any collateral; or

(v) 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 the Picard Group which is made as a result of, or after the occurrence of, an insolvency event in respect of that member of the Picard Group,

in each case, other than in respect of payments made or amounts received or recovered in accordance with the application of proceeds provisions in Clause 15 of the Intercreditor Agreement (see below), such Senior Creditor, Senior Notes Creditor, Non-Priority Hedge Counterparty or creditor of any Subordinated Liability will,

(a) in relation to receipts and recoveries not received or recovered by way of set-off:

- where legally possible, hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) in trust or otherwise as agent for the Security Agent or the Senior Notes Security Agent, as applicable;
- promptly pay that amount to the Security Agent or the Senior Notes Security Agent, as applicable, for application in accordance with the terms of the Intercreditor Agreement; and
- promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent or the Senior Notes Security Agent, as applicable, for application in accordance with the terms of the Intercreditor Agreement.

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent or the Senior Notes Security Agent, as applicable, for application in accordance with the terms of the Intercreditor Agreement.

Notwithstanding the above paragraph, if at any time prior to the discharge in full of the Senior Notes Creditors Liabilities, any Senior Creditor receives or recovers any payment from Picard Bondco under or in respect of the Guarantee granted by Picard Bondco (on a subordinated basis) in respect of the Senior Secured Notes, that Senior Creditor will, where legally possible, hold an amount equal to that receipt or recovery on trust for the Senior Notes Security Agent and shall promptly pay such amount to the Senior Notes Trustee for application in accordance with the terms of the Intercreditor Agreement as if such amount was recover received or recovered in connection with the realisation or enforcement of the Senior Notes First Ranking Transaction Securities.

Security—Secured Notes Creditors

Revolving Lenders and holders of the Senior Secured Notes, from time to time, may take, accept or receive the benefit of:

(a) collateral in addition to the collateral to be granted to all the secured parties (including Senior Creditors, the Senior Notes Creditors and the Non-Priority Hedge Counterparties) in respect of their liabilities (the “Common Transaction Security”) and the Senior Notes First Ranking Transaction Security;

(b) any guarantee, indemnity or other assurance against loss contained in:

  (i) the Revolving Credit Facility Agreement (in its form on or about the Issue Date) (or in any other senior facilities agreement entered into in accordance with the Intercreditor Agreement);

  (ii) the Indenture (in its form on or about the Issue Date) (or any other indenture entered into in accordance with the Intercreditor Agreement);

  (iii) the Intercreditor Agreement;

  (iv) any engagement letter in respect of the Senior Secured Notes; or

  (v) 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 any agreed security principles, given to all the secured parties in respect of liabilities owing to them (the “Common Assurance”); and

(c) as otherwise contemplated by the Intercreditor Agreement,

if (except as permitted in the Intercreditor Agreement) also offered in accordance with the terms of the Intercreditor Agreement to the Senior Notes Security Agent (or, as applicable, Senior Notes Creditors), and other than certain collateral permitted under the Intercreditor Agreement for Revolving Lenders under Ancillary Facilities and the Senior Notes First Ranking Transaction Security; but, following the Original Senior Notes Discharge Date, only to the extent required under the terms of the Senior Notes Indenture.

Enforcement of Transaction Security

The Security Agent may refrain from enforcing the Transaction Security unless (i) instructed otherwise by (x) prior to the Senior Discharge Date, the Majority Senior Creditors and (y) prior to the Senior Notes Discharge Date and in connection with instructions which are permitted to be given to the Senior Notes Security Agent or the Senior Notes Trustee, the Majority Senior Noteholders (each, an “Instructing Group”) or (ii) if required as set forth under the third paragraph of this section, and the Senior Notes Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by the Senior Notes Trustee in compliance with the Senior Notes Indenture.

Subject to the Transaction Security having become enforceable in accordance with its terms (i) the Instructing Group may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Transaction Security as they see fit or (ii) to the extent permitted to initiate an enforcement action under the Senior Notes Documents prior to the Senior Discharge Date in accordance with the provisions of the Intercreditor Agreement described under “Standstill on Enforcement” above, the Majority Senior Noteholders may give or refrain from giving instructions to the Senior Notes Security Agent to enforce or refrain from enforcing the Transaction Security as they see fit.

If, prior to the Senior Discharge Date:

(i) the Majority Senior Noteholders have instructed the Senior Notes Security Agent to initiate an enforcement action in accordance with the provisions of the Intercreditor Agreement described under “Standstill on Enforcement” above and the Security Agent has received at least 5 business days notice of such enforcement; and

(ii) at that time either:

  (A) prior to receipt of the notice from the Senior Notes Security Agent referred to in (i) above, the Instructing Group had instructed the Security Agent not to enforce or to cease enforcing the Transaction Security; or

  (B) the Security Agent has received no instructions from the Instructing Group,

  and in each case, the Instructing Group has not required any relevant Debtor or security provider to make a Distressed Disposal (as defined below), the Security Agent shall initiate an enforcement and shall be deemed to have received instructions to initiate such enforcement, in each case notwithstanding previous contrary instructions or, as the case may be, the absence of actual instructions in this respect.

Manner of enforcement

Subject to the second paragraph of this "Manner of enforcement" section, if the Transaction Security is being enforced as described above under "Enforcement of Transaction Security", the Security Agent or the Senior Notes Security Agent, as the case may be, shall enforce the Transaction Security in such manner as the relevant Instructing Group shall instruct or, in the absence of any such instructions, as the Security Agent or the Senior Notes Security Agent, as applicable, sees fit, which shall in any event be one of the enforcement methods described in the third paragraph of this "Manner of enforcement" section.

If (i) the Majority Senior Noteholders have instructed the Senior Notes Security Agent to initiate an enforcement as described under "Standstill on Enforcement" and (ii) the Security Agent has received instructions from the relevant Instructing Group selecting an enforcement method (the "Other Enforcement Method") which is different from that selected by the Majority Senior Noteholders or the Senior Notes Security Agent, then the Security Agent shall notify the Senior Notes Security Agent accordingly, and the Senior Notes Security Agent and the Security Agent shall carry out such enforcement action using that Other Enforcement Method unless enforcement action has already been carried out and implementing the Other Enforcement Method is no longer possible or would otherwise be likely to adversely affect such enforcement action.

No enforcement over shares or other securities subject to a Transaction Security document governed by French law or, as the case may be, Luxembourg law may occur otherwise than:

(i) pursuant to a sale of the relevant securities by public auction (*enchères publiques*) in accordance with (i) the provisions of Article L.521-3 of the French *Code de commerce* (as regards Relevant Securities issued by a French company) or (ii) the provisions of the Luxembourg law of 5 August 2005 on financial collateral arrangements (as regards Relevant Securities issued by a Luxembourg company);

(ii) pursuant to an application to the courts for judicial foreclosure (*attribution judiciaire*) of the relevant securities in accordance with (i) the provisions of Article L.521-3 of the French *Code de commerce* and Article 2347 of the French Code civil (as regards Relevant Securities issued by a French company) or (ii) the provisions of the Luxembourg law of 5 August 2005 (as regards relevant securities issued by a Luxembourg company); or

(iii) pursuant to an application for contractual foreclosure (*attribution conventionnelle*) of the relevant securities in accordance with (i) the provisions of Article L.521-3 (II) of the French Commercial Code and Article 2348 of the French Civil Code (as regards Relevant Securities issued by a French company) or (ii) the provisions of the Luxembourg law of 5 August 2005 (as regards relevant securities issued by a Luxembourg company),

and:

(A) in the case of an enforcement carried out by the Senior Creditors under (ii) or (iii) above, with a view to sell the asset(s) so foreclosed or to sell the assets of the member of the Group the shares of which were the subject of such judicial or contractual foreclosure; and

(B) in the case of (iii) above, in accordance with the applicable provisions of the relevant Transaction Security document.

Payment of the Soulte

If, following any relevant enforcement of Transaction Security, a *soulte* is owed by the secured parties to the relevant grantor, that relevant grantor agrees that such *soulte* shall only become due and payable by the relevant secured parties (i) where such *soulte* arises in connection with enforcement of Transaction Security governed by the laws of France, on the earlier of (A) the date which is 12 months after the date on which such enforcement occurs; and (B) the date on which all payments to be made pursuant to the first bullet point under "Application of Proceeds" below have been made or (ii) where such *soulte* arises in connection with enforcement of Transaction Security governed by the laws of Luxembourg, at the time, and solely to the extent, payable as provided in under the fifth bullet point under "Application of Proceeds".

Waiver of rights

To the extent permitted under applicable law and subject to "Enforcement of Transaction Security" and "Manner of enforcement" above and "Application of proceeds" and "Distressed Disposals" below, each of the secured parties and the relevant Debtors waives all rights it may otherwise have to require that the Transaction 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 Transaction 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.

Non-Distressed Disposals

If, in respect of a disposal of:

(i) an asset by a relevant Debtor; or

(ii) an asset which is subject to Transaction Security,

to another member of the Group and:

(A) that disposal is not prohibited under (prior to the Senior Discharge Date) the Finance Documents and the Senior Secured Notes Documents (collectively, the "Senior Facilities Documents" and (prior to the Senior Notes Discharge Date) the disposal is not prohibited by the Senior Notes Documents and all requirements for associated releases of Transaction Security provided for in the Indenture have been complied with; and

(B) the disposal is not a Distressed Disposal (as defined below) (a "Non-Distressed Disposal"),

the Security Agent will, and is irrevocably authorised (at the cost of the relevant Debtor and without any consent, sanction, authority or further confirmation from any creditor or relevant Debtor) to:

(1) release the Transaction Security over that asset;

(2) where that asset consists of shares in the capital of a Debtor, release the Transaction Security over that Debtor's assets; and/or

(3) execute and deliver or enter into any release of the Transaction Security described in paragraphs (1) and (2) above and issue any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable.

A "Distressed Disposal" means a disposal of an asset of a member of the Group which is:

(a) being effected at the request of an Instructing Group in circumstances where the Transaction Security has become enforceable;

(b) being effected by enforcement of the Transaction Security as described above under "*Manner of enforcement*" where the Transaction Security has become enforceable, including any subsequent sale of such asset that may have been appropriated in connection with or as part of such enforcement; or

(c) being effected, after the occurrence of an acceleration of the secured obligations or an enforcement of Transaction Security, by a relevant Debtor to a person or persons which is not a member of the Group,

in each case other than a Senior Notes Priority Back to Back Loan Enforcement.

If that Non-Distressed Disposal is not made, each release of Transaction Security shall have no effect and the Transaction Security subject to that release shall continue in such force and effect as if that release had not been effected.

If, in respect of a disposal of:

(i) an asset by a relevant Debtor; or

(ii) an asset which is subject to Transaction Security,

to a person or persons outside the Group and:

(A) prior to the Senior Discharge Date, each of the RCF Agent, the Trustee and the Security Agent notifies the Security Agent that that disposal is not prohibited under (prior to the Senior Discharge Date) the Finance Documents or the Senior Secured Notes Documents, as applicable, and (prior to the Senior Notes Discharge Date) Picard Bondco notifies the Security Agent that that disposal is not prohibited under the Senior Notes Documents and all requirements for associated releases of Transaction Security provided for in the Senior Notes Indenture have been complied with;

(B) that disposal is a Non-Distressed Disposal; and

(C) with respect to the disposal of an asset which is subject to Common Transaction Security or Senior Notes First Ranking Transaction Security, that disposal is notified to each representative of the creditors,

the Security Agent will, and is irrevocably authorised (at the cost of the relevant Debtor and without any consent, sanction, authority or further confirmation from any creditor, Subordinated Creditor or relevant Debtor) to:

(1) release the Transaction Security or any other claim (relating to any of the Intercreditor Agreement, certain hedging agreements, the Finance Documents, the Senior Secured Notes Documents, the Senior Notes Documents, the Transaction Security documents, any agreement evidencing the terms of the Structural Loans or the Structural Back to Back Loans, the Intra-Group Liabilities or the Subordinated Liabilities and any other document designated as such by either (i) the RCF Agent or the Trustee and the Issuer or (ii) the Senior Notes Trustee and Picard Bondco, each, a "Debt Document") over that asset;

(2) where that asset consists of shares in the capital of a Debtor, release the Transaction Security and any other claim (relating to a Debt Document) over that relevant Debtor's assets; and/or

(3) execute and deliver or enter into any release of the Transaction Security and any claim described in paragraphs (1) and (2) above and issue any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable.

(b) If that Non-Distressed Disposal is not made, each release of Transaction Security and in respect of a disposal to a person or persons outside the Group as detailed above, each release of any claim shall have no effect and the Transaction Security or claim (as the case may be) subject to that release shall continue in such force and effect as if that release had not been effected.

(c) If any proceeds of a Non-Distressed Disposal ("Disposal Proceeds") are required to be applied in mandatory prepayment of the Senior Creditor Liabilities or if an offer to prepay the Senior Notes Creditors Liabilities is required to be made, then the Disposal Proceeds shall be applied in or towards payment of:

(i) first, the Senior Creditor Liabilities in accordance with and to the extent required by the terms of the Finance Documents and the Senior Secured Notes Documents;

(ii) second, and after the discharge in full of the Senior Creditor Liabilities, in payment of certain amounts payable in connection with certain Priority Hedging Liabilities; and

(iii) third, after the payments to be made under paragraphs (i) and (ii) above have been so made, the Senior Notes Creditors Liabilities in accordance with the Senior Notes Documents,

and the consent of any other party shall not be required for that application.

(d) If, after the Senior Discharge Date, there are no Non Priority Hedging Liabilities, then the Senior Notes Security Agent shall, and is irrevocably authorised (at the cost of the relevant

Debtor and without any consent, sanction, authority or further confirmation from any creditor, Subordinated Creditor or relevant Debtor) to grant the releases, execute and deliver or enter into any release and/or issue any consent to dealing referred to in this "Non-Distressed Disposals" section in lieu of the Security Agent.

Distressed Disposals

(a) Subject to paragraph (c) below, if a Distressed Disposal is being effected the Security Agent is irrevocably authorised (at the cost of the relevant Debtor and without any consent, sanction, authority or further confirmation from any creditor, Subordinated Creditor or relevant Debtor):

(i) *release of Transaction Security*: to release the Transaction Security and any other claim over that asset and execute and deliver or enter into any release of that Transaction Security and claim and issue any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(ii) *release of liabilities and Transaction Security on a share sale (Debtor)*: 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 liabilities under the Debt Documents;

(B) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and

(C) any other claim of the Subordinated Creditor, an Intra-Group Lender, another Debtor or security provider over that Debtor's assets or over the assets of any subsidiary of that Debtor,

on behalf of the relevant creditors, Subordinated Creditors, relevant Debtors and Senior Notes Trustee;

(iii) *release of liabilities and Transaction Security on a share sale (Holding Company)*: if the asset which is disposed of consists of shares in the capital of any holding company of a Relevant Debtor, to release:

(A) that holding company and any subsidiary of that holding company from all or any part of its liabilities under the Debt Documents;

(B) any Transaction Security granted by that holding company or any subsidiary of that holding company over any of its assets; and

(C) any other claim of the Subordinated Creditor, an Intra-Group Lender or another Debtor or security provider over the assets of that holding company and any subsidiary of that holding company,

on behalf of the relevant creditors, the Subordinated Creditor, relevant Debtors and Senior Notes Trustee;

(iv) *disposal of liabilities on a share sale:* if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a relevant Debtor and the Security Agent (acting in accordance with paragraph (e) below) decides to dispose of all or any part of its liabilities or the liabilities under the Debt Documents, owed by that Debtor or holding company or any subsidiary of that Debtor or holding company and to the extent subject to effective security under the Transaction Security documents, then:

(i) (if the Security Agent (acting in accordance with paragraph (e) below) does not intend that any transferee of those liabilities (the "Transferee") will be treated as a Senior Creditor, Senior Notes Creditor or Non Priority Hedge Counterparty (each, 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 or part of those 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

(ii) (if the Security Agent (acting in accordance with paragraph (e) below) 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:

(1) all (and not part only) of the Liabilities owed to the Primary Creditors; and

(2) all or part of any other liabilities under the Debt Documents,

on behalf of, in each case, the relevant creditors, Subordinated Creditors, Debtors and security providers;

(v) *transfer of obligations in respect of liabilities on a share sale*: if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a relevant Debtor (the "Disposed Entity") and the Security Agent (acting in accordance with paragraph (e) below) decides to transfer to a relevant 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:

(A) the Intra-Group Liabilities; or

(B) the liabilities owed to any member of the Group,

owed by that Debtor or holding company or any subsidiary of that Debtor or holding company and to the extent subject to effective security under the Transaction Security documents, to execute and deliver or enter into any agreement to:

(1) agree to the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or liabilities owed to any member of the Group 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

(2) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or liabilities owed to any member of the Group on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Intra-Group Liabilities or liabilities owed to any member of Group are to be transferred.

(b) The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of Liabilities or Debtor Liabilities pursuant to paragraph (a)(iv) above) shall be paid to the Security Agent for application in accordance with "*Application of Proceeds*" below as if those proceeds were the proceeds of an enforcement of the Transaction Security and, to the extent that any disposal of its liabilities under the Debt Documents or liabilities owed to any member of Group has occurred pursuant to paragraph (a)(iv)(ii) above), as if that disposal of such liabilities had not occurred.

(c) In the case of a Distressed Disposal (or a disposal of liabilities pursuant to paragraph (a)(iv)(ii) above) effected by or at the request of the Security Agent, unless the Majority Senior Creditors and the Secured Notes Trustee otherwise agree, the Security Agent shall not be authorised to make any release or disposal provided for in paragraph (a) above unless:

(i) the proceeds of such disposal are received substantially all in cash;

(ii) (x) the Senior Notes Trustee is notified in writing that, following the completion of such disposal, all the claims of the Senior Creditors under the Debt Documents against any member of the Group and any subsidiary of that member of the Group (if any) whose shares are sold or disposed of pursuant to such Distressed Disposal are unconditionally released and discharged concurrently with such disposal (and not assumed by the relevant purchaser or any affiliate thereof) provided, however, that performance bonds and similar instruments shall not be required to be so released and discharged and (y) all Transaction Security in the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale; and

(iii) such sale or disposal is made (A) pursuant to a public auction or (B) for fair market value (taking into account the circumstances giving rise to such sale) as certified by an internationally recognised investment bank or internationally recognised accounting firm selected by the Security Agent (being an investment bank or accounting firm different from that which acted as valuer in connection with any judicial foreclosure (*attribution judiciaire*) or contractual foreclosure (*attribution conventionnelle*) referred to in paragraph (d)(ii) or (d)(iii), respectively under "*Manner of enforcement*").

For the purposes of paragraph (c)(iii) above:

(A) a "public auction" is an auction in which more than one bidder participates or is invited to participate and which is conducted with the advice of an internationally recognised investment bank and in which, if the sale is undertaken by or at the request of the Senior Creditors, the Senior Notes Creditors shall have a right to participate. A "right to participate" shall be interpreted to mean that any offer, or indication of a potential offer, that a holder of any Senior Notes makes shall be considered by those running the public auction process against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder. To avoid doubt, if after having applied that same criteria, the offer or indication of a potential offer made by a holder of any Senior Notes is not considered by those running the public auction process to be sufficient to continue in the public auction process, such consideration being against the same criteria as any offer, or indication of a potential offer, by any other bidder or potential bidder (such continuation may include being invited to review additional information or being invited to have an opportunity to make a subsequent or revised offer, whether in another round of bidding or otherwise) then the right to participate which a holder of any Senior Notes under the Intercreditor Agreement shall be deemed to be satisfied.

(B) "fair market value" means an opinion must be given by an internationally recognised investment bank or an internationally recognised accounting firm and state that the amount received in connection with such sale is fair from a financial point of view taking into account all relevant circumstances including the manner of enforcement provided that the liability of such investment bank or accounting firm selected by the Security Agent in giving such opinion may be limited to the amount (or a multiple of the amount) of its fees in respect of such engagement.

(d) If a Distressed Disposal is being effected at a time when the Majority Senior Noteholders or the Senior Notes Trustee is entitled to give, and has given, instructions under "*Manner of enforcement*", the Security Agent is not authorised to release any Debtor, subsidiary or holding company from any liabilities it has as a borrower or guarantor under any Debt Documents owed to any Senior Creditor unless those liabilities and any other Senior Creditor Liabilities will be paid (or repaid) in full (or, in the case of any contingent liability relating to an ancillary facility, made the subject of cash collateral arrangements acceptable to the relevant Senior Creditor), immediately upon that release.

(e) For the purposes of paragraphs (a)(ii), (a)(iii), (a)(iv) and (a)(v) above, the Security Agent shall act:

(i) if the relevant Distressed Disposal is being effected by way of enforcement of the Transaction Security, in accordance with "*Manner of enforcement*"; and

(ii) in any other case:

(A) on the instructions of the Instructing Group; or

(B) in the absence of any such instructions, as the Security Agent sees fit.

Application of proceeds

Subject to rights of creditors mandatorily preferred by law and except as otherwise permitted under the Intercreditor Agreement, all amounts received or recovered by the Security Agent or the Senior Notes Security Agent shall be applied in the following priority:

- First, in payment pro rata and ranking *pari passu* of (i) save in the case of the Senior Notes First Ranking Transaction Security, in payment to the RCF Agent, the Trustee and the Security Agent on its own behalf for application towards the discharge of the Senior Facilities Agents Liabilities and (ii) in payment to the Senior Notes Trustee and the Senior Notes Security Agent on their own behalf for application towards the discharge of the Senior Notes Agents Liabilities arising in connection with any realisation or enforcement of Transaction Security taken in accordance with the terms of the Intercreditor Agreement or action taken at the request of the Security Agent or the Senior Notes Security Agent pursuant to a provision of the Intercreditor Agreement;
- Second, save in the case of the Senior Notes First Ranking Transaction Security, in payment pro rata to:
  - (i) the RCF Agent on behalf of the RCF Arranger and the Revolving Lenders,
  - (ii) the Trustee on behalf of the holders, from time to time, of the Senior Secured Notes; and
  - (iii) the counterparty to the relevant Debtors in respect of hedging agreements entered into (the "Hedge Counterparty"),

    for application towards the discharge of:

    - (A) the Senior Facilities Creditors Liabilities of the RCF Arranger and the RCF Lenders;
    - (B) the Senior Facilities Creditors Liabilities of the holders, from time to time, of the Senior Secured Notes; and
    - (C) the Priority Hedging Liabilities;
  - Third, in payment to the Senior Notes Trustee on behalf of the holders, from time to time, of the Senior Notes (the "Senior Noteholders") for application towards the discharge of the Senior Notes Creditors Liabilities owed to the Senior Noteholders;
  - Fourth, in payment to the Hedge Counterparties, for application in discharge of liabilities for Non-Priority Hedging Liabilities;
  - Fifth, if none of the Debtors is under any further actual or contingent liability under any Finance Document, Senior Secured Notes Document, hedging agreement or Senior Notes Document, in payment to any person to whom the Security Agent or the Senior Notes Security Agent, as applicable, is obliged to pay in priority to any Debtor; and
  - Sixth, once the Final Discharge Date has occurred, in payment to the grantor of collateral (the "Relevant Grantor") to which a Soulte, if any, is payable, of the amount corresponding to that paid to the Security Agent by the relevant Primary Creditors (meaning the Senior Creditors, the Senior Notes Creditors and the Non-Priority Hedge Counterparties) pursuant to the Intercreditor Agreement.

Notwithstanding the foregoing, if the application of any proceeds (the "Relevant Proceeds") in or towards the discharge of any one or more categories of liabilities would result in or have the effect of an unlawful payment or discharge including pursuant to articles L.225-216 and L.242-6 of the French Commercial Code (or their equivalent in any other relevant jurisdiction), then those Relevant Proceeds will be applied in or towards the discharge in full only of the Senior Creditor Liabilities and the Senior Notes Creditors Liabilities (but subject at all times to the provisions of the Intercreditor Agreement) guaranteed or secured by the rights (whether guarantee, indemnity or security) the enforcement or realization of which gave rise to the Relevant Proceeds and thereafter in accordance with the terms of the Intercreditor Agreement.

Required consents

Subject to certain exceptions, the Intercreditor Agreement may be amended or waived only with the consent of Picard Bondco, the Issuer, a Senior Facilities Agent (acting on the instructions of the Majority Senior Creditors), the Senior Notes Trustee, the Security Agent and the Senior Notes Security Agent. An amendment that has the effect of changing or which relates to (i) curing defects, resolving ambiguities or reflecting changes of a minor, technical or administrative nature and (ii) the requirements of any person proposing to act as an RCF Agent, Trustee or Senior Notes Trustee which are customary for persons acting in such capacity, may be made by the Security Agent, the Senior Notes Security Agent, Picard Bondco and the Issuer. Subject to the preceding sentence, if any amendment or waiver may impose new or additional obligations on a party under the Intercreditor Agreement, the prior written consent of that party is required.

Snooze/Lose

Subject to certain exceptions, if in relation to (i) a request for a consent in relation to any of the terms of the Intercreditor Agreement, (ii) a request to participate in any other vote of Senior Creditors or Senior Notes Creditors under the terms of the Intercreditor Agreement, (iii) a request to approve any other action under the Intercreditor Agreement; or (iv) a request to provide any confirmation or notification under the Intercreditor Agreement, any Senior Creditor fails to respond to that request within 15 business days of that request being made; or (in the case of a Senior Creditor and subclauses (i) to (iii) above), fails to provide details of its senior credit participation to the Security Agent within the timescale specified by the Security Agent, then (a) in the case of paragraphs (i) to (iii) above, that Senior Creditor's senior credit participation shall be deemed to be zero for the purpose of calculating the senior credit participations when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of senior credit participations has been obtained to give that Consent, carry that vote or approve that action and (b) in the case of subclauses (i) to (iii) above, that Senior Creditor's status as a Senior Creditor shall be disregarded for the purposes of ascertaining whether the agreement of any specified group of Primary Creditors has been obtained to give that consent, carry that vote or approve that action; and in the case of subclause (iv) above, that confirmation or notification shall be deemed to have been given.

Rollover Finance Leases

As of March 31, 2013, we operated 11 stores in France under financial leases and 3 stores in France under hybrid leases which give us the right to exercise an option at the end of the lease to purchase the premises at the termination of the lease for approximately 50% of the underlying asset value, modify the leases into standard rental contracts or leave the premises.

Mandatory Redeemable Preferred Shares

Since the consummation of the Acquisition, Lion Capital owns together with minority co-investors, approximately 98.6% (based on ordinary shares) of LuxCo 1, the indirect parent company of the Issuer; the existing Picard management owns the remaining, approximately 1.4% (based on ordinary shares). About 53% of Lion Capital funds' equity investment (estimated to be €559.1 million in total) is in the form of mandatory redeemable preferred shares (the "MRPS").

The MRPS issued by the Issuer are redeemable (a) upon request of the Issuer in accordance with the provisions of article 49-8 of the Luxembourg law of 10 August 1915 concerning commercial companies, as amended, and (b) after 10 years from the date of issuance of the MRPS, subject to the conditions set out in the articles of incorporation of the Issuer, provided, however, that in no case shall the MRPS be redeemable prior to the date that any amounts are due to the Issuer from LuxCo 3 in relation to the preferred equity certificates held by the Issuer in LuxCo 3 are repaid. Pursuant to the Intercreditor Agreement, the MRPS can only be redeemed on the later to occur of the date on which all liabilities under our senior credit facilities have been fully and finally discharged, no hedge counterparties are under any further obligations, no Senior Creditor (as such term is defined in the Intercreditor Agreement) is under further obligations and all secured parties which have received all amounts due under our senior credit facilities or any hedging agreements, and the amount of the *soulte* has been paid or payable by the secured parties.

Each MRPS will give right to two kinds of preferred dividends: (a) a preferential and cumulative dividend at the annual rate of 1% of the nominal value of such MRPS, which shall accrue daily and be calculated assuming a 360 day year (the "First Preferred Dividend") and (b) a second preferential and cumulative dividend equal to any income received and/or accrued by the Issuer (net of any withholding taxes suffered) in relation to preferred equity certificates issued to the Issuer by LuxCo 3 during the relevant financial year of the Issuer less all costs and expenses (other than charges for taxes) of the Issuer booked during the relevant financial year according to Luxembourg GAAP, the First Preferred Dividend and a margin applied on the nominal value of the preferred equity certificates issued to the Issuer by LuxCo 3.

The redemption price of each MRPS shall be equal to (a) the aggregated nominal value of all the MRPS plus (b) the portion of the balance of any share premiums paid by shareholders on the issuance of the MRPS divided by (c) the number of outstanding MRPS at the time of the redemption.

Picard Bondco 9% Senior Notes due 2018

Overview

On October 6, 2010, Picard Bondco (the "Senior Note Issuer"), issued €300,000,000 aggregate principal amount of 9% Senior Notes due 2018 (the "Senior Notes") under an indenture dated October 6, 2010, as amended (the "Senior Notes Indenture"), between, among others, the Senior Note Issuer, Citibank, N.A., London Branch, as trustee (the "Senior Notes Trustee") and as the security agent (the "Senior Notes Security Agent"). As of March 31, 2012, there were €300,000,000 aggregate principal amount of Senior Notes issued and outstanding.

Ranking

The Senior Notes are the general obligations of the Senior Note Issuer and rank equally in right of payment with any future indebtedness of the Senior Note Issuer that is not subordinated in right of payment to the Senior Notes, are guaranteed on a second-priority basis by the Senior Notes Guarantors, rank senior to any future indebtedness of the Senior Note Issuer that is unsecured or secured by liens junior to the liens securing the Senior Notes to the extent of the value of the collateral and rank senior in right of payment to any future obligations of the Senior Note Issuer that is subordinated in right of payment to the Senior Notes (including any Subordinated Shareholder Debt). In addition, the Senior Notes are structurally subordinated to all obligations of the Senior Note Issuer's subsidiaries that are not Guarantors.

Interest rates, payment dates and maturity

The Senior Notes bear interest at a rate of 9% per annum. Interest on the Senior Notes is payable semi-annually in arrears on April 1 and October 1 of each year, commencing on April 1, 2011. The Senior Notes will mature on October 1, 2018.

Guarantees

The Senior Notes are jointly and severally guaranteed on a senior subordinated basis by French TopCo and AcquiCo (together, the "Guarantors").

The guarantee of each Guarantor is its general obligation and (i) ranks equally in right of payment with all future subordinated indebtedness of such Guarantor, (ii) is effectively subordinated to (a) any existing and future indebtedness and other liabilities of such Guarantor outstanding under the Existing Senior Facilities Agreement, certain hedging obligations and all obligations related thereto and (b) any other indebtedness of such Guarantor permitted to be incurred under the terms of the Indenture, unless the instrument under which such indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the guarantee of such Guarantor and obligations related thereto; and (iii) is secured by the Collateral owned by the relevant Guarantor.

Security

The Senior Notes are secured by (i) pledges of the following assets of the Senior Note Issuer: pledges over the LuxCo 3 Proceeds Loan and the bank accounts of the Senior Note Issuer (each, on a first-ranking basis) and the LuxCo 3 PECs and the ordinary shares of LuxCo 3 (each, on a second-ranking basis), (ii) pledges of the following assets of LuxCo 3: the LuxCo 4 Proceeds Loan, the LuxCo 4 PECs, the ordinary shares of LuxCo 4 and the bank accounts of LuxCo 3 (each, on a second-ranking basis), (iii) pledges of the following assets of LuxCo 4: the AcquiCo Proceeds Loan, the French TopCo Equity Proceeds Loan and the ordinary shares of French TopCo (each, on a first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and the bank accounts of LuxCo 4 (on a second-ranking basis), (iv) pledges of the following assets of French TopCo: the ordinary shares of the Issuer, an intercompany loan from French TopCo to the Issuer and the bank accounts of French TopCo (each, on a shared first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and (v) pledges of the following assets of the Issuer: the ordinary shares of Picard Surgelés (each, on a first-ranking basis subject to contractual subordination under the Intercreditor Agreement). The assets in clauses (ii), (iii) (other than the bank accounts of LuxCo 4), (iv) and (v) are also pledged to secure the LuxCo 3 Proceeds Loan on a second-ranking basis (or first-ranking basis, subject to contractual subordination under the Intercreditor Agreement).

The guarantee by French TopCo is secured by the ordinary shares of the Issuer, an intercompany loan from French TopCo to the Issuer and the bank accounts of French TopCo (each, on a first-ranking basis, subject to contractual subordination under the Intercreditor Agreement) and the guarantee by the Issuer is secured by the ordinary shares of Picard Surgelés (on a first-ranking basis subject to contractual subordination under the Intercreditor Agreement). Following the Offering, the Senior Notes and the guarantee of the Issuer will also be secured by the shares of Picard I Surgelati and Picard International and the PG Intra-Group Loan.

Optional redemption and change of control

At any time on or prior to October 1, 2014, the Senior Note Issuer may redeem all or part of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed plus the greater of (1) 1.0% of the principal amount of such Senior Note; and (2) the excess of (a) the present value at such redemption date of (i) the redemption price of such Senior Note at October 1, 2014 (such redemption price being 104.500%), plus (ii) all required interest payments that would otherwise be due to be paid on such Senior Note through October 1, 2014 (excluding accrued but unpaid interest), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over (b) the principal amount of such Senior Note.

The Senior Notes will be subject to redemption at any time on or after October 1, 2014 at the option of the Senior Note Issuer, in whole or in part, at the following redemption prices (expressed as percentages of the aggregate principal amount), if redeemed during the twelve-month period beginning on October 1 of the year indicated below:

Year	Senior Notes Redemption Price
2014	104.50%
2015	102.25%
2016 and thereafter	100.00%

At any time on or prior to October 1, 2013, the Senior Note Issuer may redeem up to 35% of the aggregate principal amount of the Senior Notes with the net cash proceeds of certain public equity offerings at 109.00% of the principal amount of the Senior Notes redeemed, in each case, plus accrued interest to the redemption date, if at least 65% of the aggregate principal amount of the Senior Notes (calculated after giving effect to any issuance of additional notes under the Indenture) remains outstanding and if the redemption occurs within 90 days of the closing of such equity offering.

Upon the occurrence of certain change of control events, each holder of Senior Notes may require the Senior Note Issuer to repurchase all or a portion of its Senior Notes at a purchase price equal to 101% of the principal amount of the Senior Notes, plus accrued and unpaid interest to, but not including, the date of purchase.

If the Senior Note Issuer sells assets under certain circumstances, the Senior Note Issuer is required to make an offer to purchase the Senior Notes at 100% of the principal amount of the Senior Notes, plus accrued interest to, but not including, the date of purchase, with the excess proceeds from the sale of the assets.

In addition, in the event that the Senior Note Issuer becomes obligated to pay additional amounts (as defined in the Senior Notes Indenture) to holders of the Senior Notes as a result of changes affecting withholding taxes applicable to payments on the Senior Notes, the Senior Note Issuer may redeem the Senior Notes in whole but not in part at any time at 100% of the principal amount of the Senior Notes plus accrued and unpaid interest to the redemption date.

Covenants

The Senior Notes Indenture contains covenants that, among other things, limit the ability of the Senior Note Issuer and its subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends, redeem capital stock and make certain investments;
- make certain other restricted payments;
- create or permit to exist certain liens;
- impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates;
- change its Luxembourg holding company structure; and
- impair the security interests for the benefit of the holders of the Senior Notes.

These covenants are subject to a number of important limitations and exceptions.

Events of default

The Senior Notes Indenture contains customary events of default, including, among others, the non-payment of principal or interest on the Senior Notes, certain failures to perform or observe any other obligation under the Senior Notes Indenture or security documents, the failure to pay certain indebtedness or judgments and the bankruptcy or insolvency of the Senior Note Issuer, any guarantor or any Restricted Subsidiary (as defined in the Senior Notes Indenture). The occurrence of any of the events of default would permit or require the acceleration of all obligations outstanding under the Senior Notes.

DESCRIPTION OF THE SENIOR SECURED NOTES

Picard Groupe S.A.S. (the "*Issuer*") issued the Senior Secured Notes under an indenture (the "*Indenture*") between, among others, Lion Polaris II S.A.S. (the "*Company*"), Picard Groupe S.A.S., (the "*Issuer*"), Citibank, N.A., London Branch, as the trustee (the "*Trustee*") and BNP Paribas, as the security agent (the "*Security Agent*"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*").

The net proceeds of the offering of the Senior Secured Notes sold on the Issue Date were used by the Issuer to fund the prepayment in full of amounts outstanding under the Senior Credit Agreement as set forth in this offering memorandum under the caption "Use of Proceeds".

Unless the context otherwise requires, in this "Description of the Senior Secured Notes", references to the "Senior Secured Notes" include the Senior Secured Notes and any Additional Senior Secured Notes that are issued. The terms of the Senior Secured Notes include those set forth in the Indenture. The Indenture will not incorporate or include or otherwise be subject to any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. The Security Documents referred to below under the caption "—Security" define the terms of the security that secures the Senior Secured Notes.

The following description is a summary of the material provisions of the Indenture, the Senior Secured Notes and the Security Documents and refers to the Intercreditor Agreement. It does not restate those agreements in their entirety. We urge you to read the Indenture, the Senior Secured Notes, the Security Documents and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Senior Secured Notes. Copies of the Indenture, the form of Senior Secured Note, the Security Documents and the Intercreditor Agreement are available as set forth below under "—Additional Information."

Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions." In this description, references to (i) the "Company" refer, prior to the completion of any IPO Pushdown (as defined below) only to Lion Polaris II S.A.S. and not to any of its Subsidiaries and, following an IPO Pushdown, to the Issuer, (ii) the "Issuer" refer only to Picard Groupe S.A.S. and not to any of its Subsidiaries and (iii) "we," "our," "us" or "Group" refer to the Company and its Restricted Subsidiaries. Where the Indenture refers to (a) the delivery of an Officer's Certificate, or equivalent, of the Company, the Issuer or the Senior Notes Issuer, the Company, the Issuer or the Senior Notes Issuer, as the case may be, may, at its election, satisfy such delivery requirement by the delivery of a certificate, or equivalent, of an Officer of any of the Company, the Issuer or the Senior Notes Issuer and (b) except under the caption "*—Certain Covenants—Transactions with Affiliates*", the determination of any of (x) the Issuer or an Officer or the Board of Directors thereof, (y) the Company or an Officer or the Board of Directors thereof or (z) the Senior Notes Issuer or an Officer or the Board of Directors thereof, such determination may be made by, in each case, any of the Issuer or an Officer or the Board of Directors thereof, the Company or an Officer or the Board of Directors thereof (in each case, as applicable) or the Senior Notes Issuer or an Officer or the Board of Directors thereof, at the Company's election.

The registered holder of a Senior Secured Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Senior Secured Notes and the Note Guarantees

The Senior Secured Notes

The Senior Secured Notes:

- are general senior secured obligations of the Issuer;
- are *pari passu* in right of payment to any future Indebtedness of the Issuer that is not subordinated in right of payment to the Senior Secured Notes, including without limitation, the obligations under the Revolving Credit Facility;

- are senior to any future Indebtedness of the Issuer that is subordinated in right of payment to the Senior Secured Notes, including any Subordinated Shareholder Debt;
- are guaranteed on a senior basis by the Guarantors other than the Senior Notes Issuer, which will provide a guarantee on a subordinated basis;
- are secured by the Collateral; and
- are structurally subordinated to all obligations of the Issuer's Subsidiaries that are not Guarantors.

The Note Guarantees

The Senior Secured Notes will initially be guaranteed by the Guarantors.

The Note Guarantee of each Guarantor other than the Note Guarantee of the Senior Notes Issuer:

- is a general senior obligation of that Guarantor;
- is secured by the Collateral owned by the relevant Guarantor and the Guarantors organized under the laws of Luxembourg;
- is *pari passu* in right of payment to all existing and future Indebtedness of that Guarantor that is not subordinated in right of payment to the guarantee of that Guarantor; and
- is senior in right of payment to any subordinated Indebtedness of that Guarantor.

The Note Guarantee of the Senior Notes Issuer:

- is a general unsecured, subordinated obligation of the Senior Notes Issuer;
- is subordinated in right of payment to all existing and future senior debt of the Senior Notes Issuer, including without limitation, the obligations under the Senior Notes and the Senior Notes Indenture; and
- is *pari passu* in right of payment to any future subordinated indebtedness of the Senior Notes Issuer.

The obligations of the Guarantors are contractually limited under the applicable Note Guarantees to reflect limitations under applicable law, including but not limited to, with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their directors. In certain cases, these limitations may apply to the Note Guarantees, but not the Guarantors' obligations under other debt, including the Revolving Credit Facility.

As of the Issue Date, all of the Company's Subsidiaries are "Restricted Subsidiaries" for purposes of the Indenture. However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate Restricted Subsidiaries as "Unrestricted Subsidiaries." Most of the restrictive covenants in the Indenture do not apply to Unrestricted Subsidiaries. The Company's Unrestricted Subsidiaries, if any, will not guarantee the Senior Secured Notes.

Principal, Maturity and Interest

The Issuer issued €480.0 million in aggregate principal amount of Senior Secured Notes in this offering. The Issuer may issue an unlimited principal amount of additional Senior Secured Notes having identical terms and conditions as any series of the Senior Secured Notes ("*Additional Senior Secured Notes*") under the Indenture from time to time after this offering; *provided* that if any Additional Senior Secured Notes are not fungible with the relevant series of Senior Secured Notes for U.S. federal income tax purposes, such Additional Senior Secured Notes will be issued as a separate series under the Indenture and will have a separate CUSIP number or common code and ISIN, as applicable, from the relevant series of Senior Secured Notes. Any issuance of Additional Senior Secured Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock." The Senior Secured Notes and any Additional Senior Secured Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Issuer issued the Senior Secured Notes in denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Senior Secured Notes will mature on August 1, 2019.

Interest on the Senior Secured Notes will accrue at a rate per annum (the "Applicable Rate"), reset quarterly, equal to the sum of (i) the greater of (x) three-month EURIBOR and (y) zero, *plus* (ii) 4.25% per annum, as determined by the calculation agent (the "Calculation Agent"), who shall initially be Citibank, N.A., London Branch. Interest on the Senior Secured Notes will:

- accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly in arrears on August 1, November 1, February 1 and May 1, commencing on November 1, 2013;
- be payable to the holder of record of such Senior Secured Notes on the July 15, October 15, January 15 and April 15 immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year and the actual number of days elapsed.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Senior Secured Notes.

"*Determination Date*" with respect to an Interest Period, means the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

"*EURIBOR* " with respect to an Interest Period, means the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Page 248 as of 11:00 a.m. Brussels time, on the Determination Date. If Reuters Page 248 does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the euro-zone inter-bank market, as selected by the Calculation Agent, to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the euro-zone inter-bank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., London time, on such Determination Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than such rates are so provided then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

"*euro-zone* " means the region comprised of member states of the European Union that adopt the euro.

"*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.

"*Representative Amount*" means the greater of (i) €1,000,000 and (ii) an amount that is representative for a single transaction in the relevant market at the relevant time.

"*Reuters Page 248*" means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

"*TARGET Settlement Day*" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

The Calculation Agent shall, as soon as practicable after 11:00 a.m. (Brussels time) on each Determination Date, determine the Applicable Rate and calculate the aggregate amount of interest payable in respect of the following Interest Period (the "Interest Amount"). The Interest Amount shall be calculated by applying the Applicable Rate to the principal amount of each Senior Secured Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amount of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest euro cent (with one-half euro cent being rounded upwards). All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (*e.g.*, 4.876545% (or .04876545) being rounded to 4.87655% (or .0487655). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties. In no event will the rate of interest on the Senior Secured Notes be higher than the maximum rate permitted by applicable law; *provided*, however, that the Calculation Agent shall not be responsible for verifying that the rate of interest on the Senior Secured Notes is permitted under any applicable law.

Paying Agent and Registrar for the Senior Secured Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Senior Secured Notes, including one Paying Agent in the City of London (the "*Principal Paying Agent*"). The Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obligated to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Principal Paying Agent is Citibank, N.A., London Branch.

The Issuer will also maintain one or more registrars (each, a "*Registrar*") and a transfer agent. The initial Registrar is Citigroup Global Markets Deutschland AG in Frankfurt. The initial transfer agent is Citibank, N.A., London Branch. The Registrar and the transfer agent will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) outstanding from time to time and will facilitate transfer of Definitive Registered Notes on behalf of the Issuer.

The Issuer may change the Paying Agent, the Registrar or the transfer agent without prior notice to the holders of Senior Secured Notes. For so long as the Senior Secured Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish 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 Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Transfer and Exchange

Senior Secured Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global Senior Secured Notes in registered form without interest coupons attached (the "*Rule 144A Global Notes*"), and Senior Secured Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global Senior Secured Notes in registered form without interest coupons attached (the "*Reg S Global Notes*" and together with the Rule 144A Global Notes, the "*Global Notes*").

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg 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 "Transfer Restrictions." In addition, transfers of Book-Entry Interests between participants in

Euroclear or Clearstream, Luxembourg will be effected by Euroclear or Clearstream, Luxembourg pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, Luxembourg and their respective participants.

Book-Entry Interests in the Rule 144A Global Note, or the "*Restricted Book-Entry Interest*," may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Rule 144A Global Note, as applicable, or the "*Reg S 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 in accordance with Regulation S under the U.S. Securities Act.

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 be issued only in minimum denominations of €100,000 principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg, 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 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 "Notice to Investors."

Subject to the restrictions on transfer referred to above, Senior Secured Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture requires the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, Luxembourg, where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange; *provided* that, if the Issuer or any Guarantor is a party to the transfer or exchange, the holder will not be required to pay such Taxes.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Senior Secured Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Senior Secured 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; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

The Issuer, the Trustee, the Registrar, the transfer agent and the Paying Agents will be entitled to treat the holder of a Senior Secured Note as the owner of it for all purposes.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Senior Secured Notes or any of the Guarantors with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future 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) any jurisdiction in which the Issuer or any Guarantor is then incorporated or organized, engaged in business for tax purposes or resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "*Tax Jurisdiction*") will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Senior Secured Notes or any of the Guarantors with respect to any Note Guarantee, including payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each holder after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder or the beneficial owner of the Senior Secured Notes (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) and the relevant Tax Jurisdiction (including being or having been a citizen, resident, or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein), but excluding any connection arising merely from the holding of such Senior Secured Note, the enforcement of rights under such Senior Secured Note or under a Note Guarantee or the receipt of any payments in respect of such Senior Secured Note or a Note Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Senior Secured Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Senior Secured Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, excise, transfer, personal property or similar Taxes;

(4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

(5) Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Senior Secured Notes who would have been able to avoid such withholding or deduction by presenting the relevant Senior Secured Note to another Paying Agent in a member state of the European Union;

(6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Senior Secured Notes or with respect to any Note Guarantee;

(7) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Senior Secured Notes, following the Issuer's written request addressed to the holder or beneficial owner (and made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request, and in all events, at least 30 days before any such withholding or deduction would be payable to the holder or beneficial owner), to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation);

(8) any Taxes imposed on or with respect to any payment by the Issuer or Guarantor to the holder if such holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Senior Secured Note;

(9) where such withholding or deduction is required pursuant to section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or otherwise imposed pursuant to sections 1471 through 1474 of the Code, in each case, as of the Issue Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any regulations or agreements thereunder, or any law implementing an intergovernmental agreement relating thereto; or

(10) any combination of items (1) through (9) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the execution, delivery, issuance or registration of any of the Senior Secured Notes, the Indenture, any Note Guarantee or any other document referred to therein (other than a transfer of the Senior Secured Notes after this offering) or the receipt of any payments with respect thereto, or any such taxes, charges or similar levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of any of the Senior Secured Notes or any Note Guarantee.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Senior Secured Notes or any Note Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificates must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will timely remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee (or to a holder upon written request), within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. If reasonably requested by the Trustee, the Issuer or the Guarantors will provide to the Trustee such information as may be in the possession of the Issuer or the Guarantors (and not otherwise in the possession of the Trustee) to enable the Trustee to determine the amount of withholding taxes attributable to any particular holder, provided, however, that in no event shall the Issuer or the Guarantors be required to disclose any information that they reasonably deem to be confidential.

Whenever in the Indenture or in this "Description of the Senior Secured Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Senior Secured Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Senior Secured Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Senior Secured Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Senior Secured Notes (or any Note Guarantee) and any department or political subdivision thereof or therein.

The Note Guarantees

The Senior Secured Notes are guaranteed by each Guarantor. The Note Guarantees are joint and several obligations of the Guarantors. Each Note Guarantee (other than the Note Guarantee of the Senior Notes Issuer) is a general senior obligation of the relevant Guarantor. The Note Guarantee of the Senior Notes Issuer is subordinated to the prior payment in full of all its obligations under the Senior Notes and the Senior Notes Indenture. See "—*Subordination of the Note Guarantees*."

Each of the Note Guarantees and the amounts recoverable thereunder is limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering its guarantee voidable or otherwise ineffective under applicable law.

In addition, the Note Guarantee of any Guarantor incorporated under the laws of France (each, a "French Guarantor") applies only in so far as required to:

(1) guarantee the payment obligations under the Indenture and the Senior Secured Notes, of its direct or indirect Subsidiaries which are or become obligors from time to time under the Indenture and the Senior Secured Notes; and

(2) guarantee the payment obligations of other obligors under the Indenture and the Senior Secured Notes which are not direct or indirect Subsidiaries of that French Guarantor, *provided* that in such case such Note Guarantee shall be limited at any time: (A) to the payment obligations of such obligors and (B) to an amount equal to (i) the aggregate of all amounts directly or indirectly (by way of intercompany loans or similar arrangements directly or indirectly from the Issuer) received out of the proceeds of the offering of the Senior Secured Notes by such obligors and on-lent directly or indirectly to that French Guarantor and outstanding from time to time plus (ii) in the case of the Note Guarantee by Picard Surgelés, the amount of the PG Intra-Group Loan (up to a maximum of €20,000,000) outstanding from time to time (the "*Maximum Guaranteed Amount*"); any payment made by such French Guarantor under its Note Guarantee shall reduce pro tanto the outstanding amount of the intercompany loans or similar intercompany debt (if any) due by such French Guarantor to that party under the intercompany loan arrangements or similar arrangements referred to above.

Notwithstanding any other provision of the Indenture, no French Guarantor shall secure liabilities under the Indenture or the Senior Secured Notes which would result in such French Guarantor not complying with French financial assistance rules as set out in Article L. 225-216 of the French *Code de Commerce* and/or would constitute a misuse of corporate assets within the meaning of Article L. 241-3 or L. 242-6 of the French *Code de Commerce* (and, without prejudice to the first sentence of this paragraph, the Note Guarantee of Picard Surgelés shall in no event exceed the amount of the proceeds of the offering of the Senior Secured Notes used to refinance the amounts outstanding under Facility A2 and Facility B2 of the Senior Credit Agreement immediately prior to the issuance of the Senior Secured Notes) or any other law or regulations having the same effect, as interpreted by French courts.

Any payment made by such French Guarantor under its guarantee will reduce the Maximum Guaranteed Amount of its Note Guarantee. See "Risk Factors—Risks Related to Our Indebtedness and the Senior Secured Notes—Corporate benefit laws and other limitations on the guarantees may adversely affect the validity and enforceability of the guarantees of the Senior Secured Notes."

Assuming we had completed the Refinancing and this offering of Senior Secured Notes and applied the net proceeds as intended, as of March 31, 2013, the Company and the Guarantors would have had *pro forma* net debt, which reflects external interest-bearing loans and borrowings (including bank guarantees and rollover finance leases) less cash and cash equivalents, of €704 million, €480.0 million of which would have been represented by the Senior Secured Notes. In addition, we would have had €381.7 million of Subordinated Shareholder Debt.

The operations of the Issuer are conducted through its Subsidiaries and, therefore the Issuer depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Senior Secured Notes. Not all of the Issuer's Subsidiaries will guarantee the Senior Secured Notes. The Senior Secured Notes are effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Issuer's non-guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Senior Secured Notes to participate in those assets) is effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Issuer or such Guarantor. As of March 31, 2013, on a *pro forma* basis after giving effect to the Refinancing, including this offering of Senior Secured Notes and the application of proceeds therefrom, the Issuer's non-guarantor Subsidiaries would have had no Indebtedness and €9 million of trade payables and other liabilities outstanding. See "Risk Factors—Risks Related to our Indebtedness and the Senior Secured Notes—The Senior Secured Notes will be structurally subordinated to the liabilities of non-guarantor subsidiaries." For a description of such contractual limitations, see "Risk Factors—Risks Related to Our Indebtedness and the Senior Secured Notes—Corporate benefit, financial assistance laws and other limitations on the guarantees may adversely affect the validity and enforceability of the guarantees of the Senior Secured Notes."

Release of the Note Guarantees

The Note Guarantee of any Guarantor (other than the Company, LuxCo 3, LuxCo 4 and the Senior Notes Issuer) will be released:

(1) in connection with any sale, disposition, exchange or other transfer of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale, disposition, exchange or other transfer of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" and "Maintenance of Double LuxCo Structure" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge;"

(5) upon the sale of all the Capital Stock of, or all or substantially all of the assets of, such Guarantor or its Parent Entity pursuant to a security enforcement sale in compliance with the Intercreditor Agreement, or as otherwise provided for under the Intercreditor Agreement;

(6) upon the full and final payment and performance of all obligations of the Issuer under the Indenture and the Senior Secured Notes;

(7) in the case of any Restricted Subsidiary that after the Issue Date is required to guarantee the Senior Secured Notes pursuant to the covenant described under "—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness," upon the release or discharge of the guarantee of Indebtedness by such Restricted Subsidiary which resulted in the obligation to guarantee such Senior Secured Notes; or

(8) as described under "—Amendment, Supplement and Waiver", "—Certain Covenants—Merger, Consolidation or Sale of Assets" or "—Certain Covenants—Disapplication of Double LuxCo Covenants upon Qualifying IPO".

The Note Guarantees of each of the Company, LuxCo 3, LuxCo 4 and the Senior Notes Issuer will terminated and be released upon the circumstances described under sub-clauses (2), (4), (5), (6) and (8) above.

Upon any occurrence giving rise to a release as specified above, the Trustee will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such guarantee. Neither the Issuer nor any Guarantor will be required to make a notation on the Senior Secured Notes to reflect any such release, termination or discharge.

Subordination of the Note Guarantee of the Senior Notes Issuer

General

The Note Guarantee of the Senior Notes Issuer is a senior subordinated guarantee, which means that such Note Guarantee ranks behind, and is expressly subordinated to, all the existing and future Senior Debt of the Senior Notes Issuer, including any obligations owed by the Senior Notes Issuer under the Senior Notes. The ability to take enforcement action against the Senior Notes Issuer under its Note Guarantee is subject to significant restrictions imposed by the Intercreditor Agreement and the terms of its Note Guarantee, and potentially any Additional Intercreditor Agreements entered into after the Issue Date.

Subordination on the basis of Intercreditor Agreement

In general:

(1) the holders of the Senior Notes will be entitled pursuant to the terms of the Intercreditor Agreement, to payment in full of all amounts outstanding under the Senior Notes and the Senior Notes Indenture before the Trustee and the holders of the Senior Secured Notes would be entitled to payments under the Note Guarantee of the Senior Notes Issuer; and

(2) the Trustee and the holders of the Senior Secured Notes will be required, pursuant to the terms of the Intercreditor Agreement, to turn over any amounts they receive in respect of the Note Guarantee of the Senior Notes Issuer that was not a permitted note payment or that was received in contravention of the Intercreditor Agreement to the trustee under the Senior Notes Indenture until all obligations outstanding under the Senior Notes and the Senior Notes Indenture are paid in full.

The trustee under the Senior Notes Indenture will be directed to apply such amounts in the manner described under "Description of Other Indebtedness and Preferred Shares—Intercreditor Agreement—Turnover" and "—Application of Proceeds."

In addition, to the extent that the Senior Notes Issuer incurs additional Indebtedness ranking *pari passu* with the Senior Notes, such Indebtedness will be entitled to similar seniority in right of payment to the Senior Notes Issuer's Note Guarantee and will also have the benefit of an Additional Intercreditor Agreement giving effect to such seniority. In such a case, the relevant representative of such Indebtedness would be able to require that amounts which would otherwise have been paid to the Trustee or the holders of the Senior Secured Notes be paid instead to such representative of or the lenders under such Indebtedness.

Because of the foregoing subordination provisions, holders of the Senior Notes and other Indebtedness ranking *pari passu* with the Senior Notes may recover disproportionately more than the holders of the Senior Secured Notes recover in a bankruptcy or similar proceeding relating to the Senior Notes Issuer. In such a case, there may be insufficient assets, or no assets, remaining at the Senior Notes Issuer to pay the principal of or interest on the Senior Secured Notes.

The Indenture provides that the Issuer, each Guarantor that provides a Note Guarantee and the Trustee will be authorized (without any further consent of the holders of the Senior Secured Notes) to enter into the Intercreditor Agreement to give effect to the provisions described in the section entitled "Descriptions of Other Indebtedness and Preferred Shares—Intercreditor Agreement."

The Indenture also provides that each holder of the Senior Secured Notes, by accepting such Senior Secured Note, will be deemed to have:

(1) appointed and authorized the Trustee to give effect to the provisions in the Intercreditor Agreement;

(2) agreed to be bound by the provisions of the Intercreditor Agreement; and

(3) irrevocably appointed the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement.

Please see the sections entitled "Risk Factors—Risks Related to Our Indebtedness and the Senior Secured Notes—Investors' right to receive payment under the guarantees is contractually subordinated to senior debt" and "Description of other Indebtedness and Preferred Shares—Intercreditor Agreement."

Security

The Senior Secured Notes and/or the Note Guarantees are secured by, subject to Permitted Collateral Liens, senior ranking:

(1) pledges of the following assets of the Senior Notes Issuer: the preferred equity certificates issued by LuxCo 3 to the Senior Notes Issuer and the ordinary shares of LuxCo 3;

(2) pledges of the following assets of LuxCo 3: LuxCo 3's rights under a loan from LuxCo 3 to LuxCo 4, the bank accounts of LuxCo 3, the preferred equity certificates issued by LuxCo 4 to LuxCo 3 and the ordinary shares of LuxCo 4;

(3) pledges of the following assets of LuxCo 4: LuxCo 4's rights under a loan from LuxCo 4 to the Issuer, the intercompany loan made by LuxCo 4 to the Company, the ordinary shares of the Company and the bank accounts of LuxCo 4;

(4) pledges of the following assets of the Company: the bank accounts of the Company, an intercompany loan from the Company to the Issuer and the ordinary shares of the Issuer;

(5) pledges of the following assets of the Issuer: the bank accounts of the Issuer, the ordinary shares of Picard Surgelés, the ordinary shares of Picard I Surgelati S.p.A., the ordinary shares of Picard International S.A.S. and the PG Intra-Group Loan; and

(6) pledges of the following assets of Picard Surgelés: certain intellectual property rights.

The Collateral also secures the obligations under the Revolving Credit Facility and certain Hedging Obligations on a *pari passu* basis and, with respect to the Collateral other than the assets of Picard Surgelés, secures the obligations under the Senior Notes on a junior priority basis. The Liens on most of the Collateral securing the Senior Notes are already in place and will continue to remain in place. The Collateral will be granted pursuant to the Security Documents and the Intercreditor Agreement to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including the Senior Secured Notes. For a discussion of the ranking of the Collateral and the application of the proceeds of the Collateral, see "Description of Other Indebtedness—Intercreditor Agreement."

The relative priority among (a) the lenders under the Revolving Credit Facility, (b) the Trustee and the holders of the Senior Secured Notes, (c) the counterparties to certain Hedging Obligations and (d) the trustee under the Senior Notes Indenture and the holders of the Senior Notes with respect to the Liens on the Collateral that are created by the Security Documents and secure obligations under the Senior Secured Notes or the Note Guarantees and the Indenture, will be established by the terms of the Intercreditor Agreement and the Security Documents, which will provide that the obligations under the Revolving Credit Facility, the Senior Secured Notes and certain Hedging Obligations are secured equally and ratably by, subject to Permitted Collateral Liens, a senior interest in the Collateral. The holders of the Senior Notes have, subject to Permitted Collateral Liens, a junior priority interest in the Collateral (other than the assets of Picard Surgelés).

Certain Liens securing the Senior Secured Notes created under French law were, as a matter of local law, be granted as junior ranking Liens in relation to the Liens in respect of the Senior Notes. In addition, certain Liens securing the Senior Secured Notes created under French, Luxembourg and Italian law will, as a matter of local law, be granted as *pari passu* ranking Liens in relation to the Liens in respect of the Senior Notes. Nevertheless, the Intercreditor Agreement provides that as a contractual matter as among holders of the Senior Notes and the holders of the Senior Secured Notes, creditors under the Revolving Credit Facility and certain Hedging Obligations, the Senior Secured Notes will be secured on a *pari passu* basis with the Revolving Credit Facility and such Hedging Obligations and on a senior basis to the Senior Notes and will be treated as such for purposes of the application of proceeds from the enforcement of such Collateral. Please see "Risk Factors—Risks Relating to Our Indebtedness and the Senior Secured Notes—Under the laws of certain jurisdictions, the security interests granted in favor of holders of the Senior Secured Notes may not rank senior to the security interests granted in favor of holders of the Senior Notes, and we are relying on the Intercreditor Agreement to achieve a first priority lien in respect of the Collateral securing the Senior Secured Notes."

The requirements for the granting of Liens under the Indenture, arising at any time on or after the Issue Date, will generally be subject to certain security principles described under "—Security Principles." In addition, the Liens on the Collateral will be subject to certain limitations and are at all times in all cases subject to the requirements of applicable law. Please see "Risk Factors—Risks Relating to Our Indebtedness and the Senior Secured Notes—The insolvency and administrative laws of Luxembourg and France, as the case may be, may not be favorable to creditors, including investors in the Senior Secured Notes and may limit your ability to enforce your rights under the Senior Secured Notes, the Guarantees or the security interests in the Collateral." and "—The Senior Secured Notes, the Guarantees and the security interests in the Collateral may be declared unenforceable against third parties under fraudulent conveyance laws."

The Issuer and the Security Agent entered into the Security Documents, which define the terms of security interests that secure the Senior Secured Notes. The Collateral secures the payment and performance when due of all of the obligations of the Issuer and/or the relevant Guarantor under the Indenture and the Senior Secured Notes or relevant Note Guarantee as provided in the Security Documents.

So long as no Default or Event of Default has occurred and is continuing, and subject to certain terms and conditions, each pledgor will be entitled to receive all cash dividends, interest and other payments made upon or with respect to the shares pledged by it and to exercise any voting and other consensual rights pertaining to the shares pledged by it.

The Indenture provides that the Security Documents may be enforced only upon an acceleration of the amounts due under the Senior Secured Notes following an Event of Default. The Security Agent entered into the Security Documents in its own name for the benefit of the Trustee and the holders of the Senior Secured Notes. The rights of the Trustee and the holders of the Senior Secured Notes are not directly secured by the Security Documents, but through the parallel debt claim acknowledged by the Issuer by way of an independent acknowledgement of Indebtedness to the Security Agent that is equal to the total amounts payable by the Issuer under the Indenture and the Senior Secured Notes. Neither the Trustee nor the holders of the Senior Secured Notes may, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders of the Senior Secured Notes may only take action through the Security Agent. Please see "Risk Factors—Risks Relating to Our Indebtedness and the Senior Secured Notes—The security interests in the Collateral will be granted to the Security Agent rather than directly to the holders of the Senior Secured Notes save in the case of France, where they will be granted also to the initial purchasers of the Senior Secured Notes. The holders of the Senior Secured Notes may not control certain decisions regarding the Collateral" and "—You may be required to pay a "soulte" in the event you decide to enforce the share pledges by judicial or contractual foreclosure of the Collateral consisting of shares rather than by a sale of such Collateral in a public auction."

The Security Agent will only be permitted to enforce the Security Documents in accordance with instructions permitted to be given under the Intercreditor Agreement. The Intercreditor Agreement restricts the ability of the Trustee or the holders of the Senior Secured Notes to instruct the Security Agent to take enforcement action, and the Security Agent will act only at the direction of creditors with respect to the then outstanding Senior Secured Indebtedness representing a simple majority in aggregate principal amount of committed or funded debt under the Revolving Credit Facility, the Senior Secured Notes, certain Hedging Obligations and any other Senior Secured Indebtedness incurred in the future will be able to instruct the Security Agent to enforce the security. For a description of security enforcement and other intercreditor provisions, please see "Description of Other Indebtedness—Intercreditor Agreement."

The Collateral will be released:

(1) upon the full and final payment and performance of all obligations of the Issuer under the Indenture and the Senior Secured Notes;

(2) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Secured Notes as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge";

(3) as described under "—Amendment, Supplement and Waiver" and "—Liens";

(4) as provided for under the Intercreditor Agreement, including in connection with an enforcement sale;

(5) in connection with any sale or other disposition of the property and assets that does not violate the "Asset Sale" provisions of the Indenture;

(6) in the case of a Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(7) if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of such Restricted Subsidiary; or

(8) pursuant to certain permitted reorganizations subject to compliance with the conditions set forth in the Indenture.

The Indenture provides that any release of a Lien on Collateral may, at the request of the Issuer, be evidenced by the delivery by the Issuer to the Trustee of an Officer's Certificate of the Issuer, and that the Security Agent shall acknowledge and confirm such release upon delivery of such Officer's Certificate.

Security Principles

The Indenture provides that certain requirements for the granting of Liens in favor of the Senior Secured Notes will generally be subject to the following security principles, which will provide that no Lien will be required to be created or perfected, as applicable, by any person if such Lien could reasonably be expected to give rise to or result in:

(1) personal liability for the officers, directors, authorized signatories or shareholders of such Person;

(2) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or its Restricted Subsidiary or such other Person; or

(3) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (2) above undertaken in connection with, such Lien, which cannot be avoided through measures reasonably available to the Company or its Restricted Subsidiaries or such other Person.

Each Lien will also be limited as necessary to recognize certain defenses generally available to grantors of Liens (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Optional Redemption

At any time prior to August 1, 2014, the Issuer may on any one or more occasions redeem all or a part of the Senior Secured Notes upon not less than 10 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Senior Secured Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Senior Secured Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding paragraph and except pursuant to "—Redemption for Changes in Taxes," the Senior Secured Notes will not be redeemable at the Issuer's option prior to August 1, 2014.

On or after August 1, 2014, the Issuer may on any one or more occasions redeem all or a part of Senior Secured Notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Senior Secured Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on August 1 of the years indicated below, subject to the rights of holders of Senior Secured Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	**Redemption Price**
2014	101.00%
2015 and thereafter	100.00%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Senior Secured Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption or notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Issuer may redeem the Senior Secured Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Senior Secured Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Senior Secured Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Senior Secured Notes or any Note Guarantee, the Issuer under or with respect to the Senior Secured Notes or any of the Guarantors with respect to any Note Guarantee, as the case may be, is or would be required to pay Additional Amounts which are more than a *de minimis* amount, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available (including, for the avoidance of doubt, the appointment of a new Paying Agent under the heading "—Paying Agent and Registrar for the Senior Secured Notes" or, in respect of a payment under a Note Guarantee, payment through another Guarantor (other than the Senior Notes Issuer) or the Issuer), and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date) and which was not publicly and formally announced or publicly and formally proposed, in substantially the form as enacted, prior to the date of this offering memorandum; or

(2) any amendment to, or change in, an official written interpretation or application of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of

competent jurisdiction or a change in published administrative practice) which amendment or change becomes effective on or after the date of this offering memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this offering memorandum, such later date) and which was not publicly and formally announced or publicly and formally proposed, in substantially the form as enacted, prior to the date of this offering memorandum (each of the foregoing clauses (1) and (2), a "*Change in Tax Law*").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Senior Secured Notes were then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Senior Secured Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel (the choice of such counsel to be subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld)) to the effect that there has been such Change in Tax Law which would entitle the Issuer to redeem the Senior Secured Notes hereunder. In addition, before the Issuer publishes or mails notice of redemption of the Senior Secured Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Issuer taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Senior Secured Notes and (b) *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Senior Secured Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Senior Secured Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of that holder's Senior Secured Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Senior Secured Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Senior Secured Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Senior Secured Notes on the relevant record date to receive interest due on the relevant interest payment date.

Unless the Issuer has unconditionally exercised its right to redeem all the Senior Secured Notes of a series as described under "—Optional Redemption" or all conditions to such redemption have been satisfied or waived, within 30 days following any Change of Control, the Issuer will mail a notice, copied to the Trustee, to each holder of the Senior Secured Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "—Selection and Notice," stating that a Change of Control Offer is being made and offering to repurchase Senior Secured Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Senior Secured Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Senior Secured Notes or portions of Senior Secured 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 Senior Secured Notes or portions of Senior Secured Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Senior Secured Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Senior Secured Notes or portions of Senior Secured Notes being purchased by the Issuer.

The Principal Paying Agent will promptly mail (or cause to be delivered) to each holder of Senior Secured Notes properly tendered the Change of Control Payment for such Senior Secured Notes, and the Trustee (or its authenticating agent) will promptly, upon receipt of an authentication order from the Issuer, authenticate and mail (or cause to be transferred by book-entry) to each holder a new Senior Secured Note equal in principal amount to any unpurchased portion of the Senior Secured Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control 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 does not contain provisions that permit the holders of the Senior Secured Notes to require that the Issuer repurchase or redeem the Senior Secured Notes in the event of a takeover, recapitalization or similar transaction. The existence of a holder of the Senior Secured Notes' right to require the Issuer to repurchase such holder's Senior Secured 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 is not required to make a Change of Control Offer upon a Change of Control if (1) 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 Senior Secured Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Issuer's ability to repurchase Senior Secured Notes pursuant to a Change of Control Offer following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Senior Secured Notes. See "Risk Factors—Risks Related to our Indebtedness and the Senior Secured Notes—We may not be able to finance a change of control offer."

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Senior Secured Notes to require the Issuer to repurchase its Senior Secured Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain. 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, issuers may nevertheless avoid triggering a change of control under a clause similar to clause (4) 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 provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Senior Secured Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Senior Secured Notes prior to the occurrence of the Change of Control.

If and for so long as the Senior Secured Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Issuer will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Asset Sales

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

   (a) any liabilities, as recorded on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Senior Secured Notes or any Note Guarantee), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

   (b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

   (c) any Capital Stock or assets of the kind referred to in clauses (1)(b) or (d) of the next paragraph of this covenant;

   (d) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (d) that is at that time outstanding, not to exceed the greater of €30.0 million and 1.5% of Total Assets at the time of the receipt of such Designated Non-Cash Consideration (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);

   (e) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale; and

   (f) consideration consisting of Indebtedness of the Company or any Guarantor received from Persons who are not the Company or any Restricted Subsidiary.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may:

(1) apply such Net Proceeds (at the option of the Company or Restricted Subsidiary):

(a) to prepay, repay or purchase Senior Secured Notes and Senior Secured Indebtedness and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; *provided* that if the Company or any Restricted Subsidiary shall so reduce Obligations constituting Senior Secured Indebtedness, the Company will equally and ratably reduce Obligations under the Senior Secured Notes through open-market purchases (such purchases being at or above 100% of the principal amount thereof) or by making an offer to all holders to purchase at a purchase price equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, for the pro rata amount of the Senior Secured Notes; *provided further*, that in each case under this clause (a), such Senior Secured Notes and Senior Secured Indebtedness shall be other than Indebtedness owed to the Company or an Affiliate of the Company;

(b) to purchase or prepay or redeem or repay (i) any Indebtedness that is secured by a Lien on assets or property which do not constitute Collateral or (ii) any Indebtedness of a Restricted Subsidiary that is not a Guarantor and, in each case, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(c) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary; *provided*, *however*, if the assets sold constitute Collateral, subject to certain security principles set forth above under "—Security Principles" and any Permitted Liens on the acquired Capital Stock or assets, the Company shall pledge or shall cause the applicable Restricted Subsidiary to pledge any acquired Capital Stock or assets (to the extent such assets are of a category of assets included in the Collateral as of the Issue Date) referred to in this clause (b) in favor of the Senior Secured Notes on a senior basis; *provided further*, *however*, if the assets sold constitute all or substantially all of the assets of a Restricted Subsidiary whose Capital Stock has been pledged as Collateral and a majority of the acquired assets or Capital Stock are not held by a Restricted Subsidiary the Capital Stock of which constitutes Collateral (a "*Pledged Subsidiary*"), the Company shall pledge or shall cause the applicable Restricted Subsidiary to pledge either (i) any such acquired Capital Stock or assets (to the extent such assets are of a category of assets included in the Collateral as of the Issue Date) referred to in this clause (b) not held by a Pledged Subsidiary or (ii) the Capital Stock of the Restricted Subsidiary holding such Capital Stock or assets, in each case in favor of the Senior Secured Notes on a senior basis, subject to certain security principles set forth above under "*—Security Principles*" and any Permitted Liens on the acquired Capital Stock or assets;

(d) to make a capital expenditure;

(e) to acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business; or

(f) any combination of the foregoing; or

(2) enter into a binding commitment to apply the Net Proceeds pursuant to clause (c), (d) or (e) of paragraph (1) above; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365-day period.

Under no circumstances shall the total amount of reductions of any commitments under revolving Credit Facilities pursuant to the paragraph above result in the commitments under Credit Facilities incurred under sub-clause (1) of the definition of "Permitted Debt" being reduced to less than €30.0 million.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds €20.0 million, within ten Business Days thereof, the Company will make an offer (an "*Asset Sale Offer*") to all holders of Senior Secured Notes, copied to the Trustee, and, to the extent the Company elects, to all holders of other Senior Secured Indebtedness that is *pari passu* with the Senior Secured Notes or any Note Guarantee, to purchase, prepay or redeem the maximum principal amount of Senior Secured Notes and such other *pari passu* Senior Secured Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Senior Secured Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Senior Secured Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Senior Secured Notes and other *pari passu* Senior Secured Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Senior Secured Notes tendered pursuant to an Asset Sale Offer exceeds the amount of the Net Proceeds so applied, the Trustee or Registrar will select the Senior Secured Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a pro rata basis (or in the manner described under "—Selection and Notice"), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero. Neither the Trustee nor the Registrar shall be liable for any selection made by it in accordance with this paragraph.

The Company or a Restricted Subsidiary, as the case may be, may make an Asset Sale Offer prior to the expiration of the 365-day period mentioned above.

To the extent that any portion of Net Proceeds payable in respect of the Senior Secured Notes is denominated in a currency other than euros, the amount thereof payable in respect of such Senior Secured Notes shall not exceed the net amount of funds in euros that is actually received by the Company upon converting such portion of the Net Proceeds into euros.

The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Senior Secured Notes pursuant to a Change of Control Offer or an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control or Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Senior Secured Notes are to be redeemed at any time, the Trustee or Registrar will select Senior Secured Notes for redemption on a *pro rata* basis (or, in the case of Senior Secured Notes issued in global form as discussed under "—Book-Entry, Delivery and Form," based on a method that most nearly approximates a pro rata selection as the Trustee or Registrar deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. Neither the Trustee nor the Registrar shall be liable for selections made by it in accordance with this paragraph.

No Senior Secured Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Senior Secured Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Senior Secured Notes or a satisfaction and discharge of the Indenture.

If any Senior Secured Note is to be redeemed in part only, the notice of redemption that relates to that Senior Secured Note will state the portion of the principal amount of that Senior Secured Note that is to be redeemed. A new Senior Secured Note in principal amount equal to the unredeemed portion of the original Senior Secured Note will be issued in the name of the holder of Senior Secured Notes upon cancellation of the original Senior Secured Note. In the case of a Global Note, an appropriate notation will be made on such Senior Secured Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Senior Secured Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Senior Secured Notes or portions of Senior Secured Notes called for redemption.

For Senior Secured Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, Luxembourg, notices may be given by delivery of the relevant notices to Euroclear or Clearstream, Luxembourg for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Senior Secured Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market of the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, any such notice to the holders of the relevant Senior Secured Notes shall also be published in a newspaper having a general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (*www.ise.ie*) and, in connection with any redemption, the Issuer will notify the Irish Stock Exchange of any change in the principal amount of Senior Secured Notes outstanding.

Certain Covenants

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Restricted Subsidiaries may incur Indebtedness (including Acquired Debt), issue Disqualified Stock or issue preferred stock, if:

(a) the Fixed Charge Coverage Ratio for the Senior Notes Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.00 to 1.00 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; and

(b) if such Indebtedness is Senior Secured Indebtedness, the Company and the Guarantors that are Restricted Subsidiaries may incur such Senior Secured Indebtedness if the Consolidated Senior Secured Leverage Ratio for the Senior Notes Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Senior Secured Indebtedness is incurred would have been less than (x) 4.5 to 1.0, if the date of such incurrence is on or prior to July 31, 2015, or (y) 4.0 to 1.0 if the date of such incurrence is after July 31, 2015, in each case determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) (a) the incurrence by the Company and its Restricted Subsidiaries of additional Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed €50 million, *plus,* (b) 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* (c) the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any of its Restricted Subsidiaries since the Issue Date to permanently repay any Indebtedness under a Credit Facility pursuant to the covenant described above under the caption "—Repurchase at the Option of the Holders—Asset Sales"; *provided* that in no event shall the aggregate reduction pursuant to this clause (c) exceed €20 million;

(2) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date after giving effect to the use of proceeds of the Senior Secured Notes, including the guarantees of the Senior Notes outstanding on the Issue Date;

(3) the incurrence by the Company and the Guarantors of Indebtedness represented by the Senior Secured Notes issued on the Issue Date, the related Note Guarantees and any "parallel debt" obligations under the Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant or equipment (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of €30 million and 1.4% of Total Assets at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under (a) the first paragraph of this covenant or (b) clauses (2), (3), (5), (16) or (17) of this paragraph;

(6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided* that:

   (a) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Senior Secured Notes, in the case of the Company, or the Note Guarantee, in the case of a Guarantor (i) except in respect of Working Capital Intercompany Loans and (ii) only to the extent legally permitted (the Company and the Restricted Subsidiaries having completed all procedures required in the reasonable judgment of directors or officers of the obligee or obligor to protect such persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness); and

   (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of preferred stock; *provided* that:

    (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; and

    (b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary,

    will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations for *bona fide* hedging purposes of the Company and its Restricted Subsidiaries and not for speculative purposes;

(9) the guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to the Senior Secured Notes or subordinated to or *pari passu* with a Note Guarantee, then the guarantee must be subordinated, in the case of the Senior Secured Notes, or subordinated or *pari passu*, as applicable, in the case of a Note Guarantee, in each case to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business and consistent with past practice;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days of such incurrence;

(12) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts 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 Equity Interests of a Subsidiary, *provided* that the maximum liability of the Company 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 Company and its Restricted Subsidiaries in connection with such disposition;

(13) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, and (B) any customary cash management, cash pooling or netting or setting off arrangements; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(14) Indebtedness of the Company of any of its Restricted Subsidiaries in respect of Management Advances;

(15) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(16) Indebtedness in an aggregate outstanding principal amount that, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (16) and then outstanding, will not exceed 100%

of the Net Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock, or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the second paragraph and clauses (2), (4) and (9) of the third paragraph of the covenant described below under "—Certain Covenants—Restricted Payments" to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (16) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (2), (4) and (9) of the third paragraph of the covenant described below under "—Certain Covenants—Restricted Payments" in reliance thereon;

(17) Indebtedness of any Person (a) outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries or (b) Incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary of the Company or was otherwise acquired by the Company or any of its Restricted Subsidiaries; *provided*, *however*, with respect to this clause (17), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Company would have been able to incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (17) or (y) the Fixed Charge Coverage Ratio of the Senior Notes Issuer would not be less than it was immediately prior to giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (17);

(18) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (18) not to exceed the greater of €75.0 million and 3.5% of Total Assets; and

(19) Indebtedness consisting of guarantees of Indebtedness incurred by joint ventures of the Company or any of its Restricted Subsidiaries that, together with the outstanding aggregate amount of Investments made pursuant to clause (16) of the definition of "Permitted Investment", does not exceed €30.0 million in the aggregate outstanding at any one time.

The Issuer and the Guarantors will not incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Senior Secured Notes and the applicable Note Guarantee on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment-ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Indebtedness described in this covenant, the Company, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant, provided that Indebtedness incurred pursuant to clause (1) of the definition of Permitted Debt may not be reclassified. Indebtedness under the Revolving Credit Facility incurred or outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided in clause (1) of the definition of Permitted Debt.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the euro-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; *provided, however*, that (i) if such Indebtedness denominated in non-euro currency is subject to a Currency Exchange Protection Agreement with respect to euro, the amount of such Indebtedness expressed in euro will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the euro-equivalent of the 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. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the euro-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such euro-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the euro-equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

    (i) the Fair Market Value of such assets at the date of determination; and

    (ii) the amount of the Indebtedness of the other Person.

Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders, other than (i) dividends or

distributions payable in Equity Interests (other than Disqualified Stock) of the Company and (ii) dividends or distributions payable to the Company or a Restricted Subsidiary;

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent entity of the Company;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt or any Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the Senior Secured Notes, any Subordinated Shareholder Debt or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (i) a payment of interest or principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a scheduled sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition; or

(4) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Senior Notes Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (5), (6), (7), (8), (11), (12), (13), (14), (18) and (20) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Senior Notes Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Company following the Senior Notes Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Company) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Subsidiary of the Company); *plus*

(iii) to the extent that any Restricted Investment that was made after the Senior Notes Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property and marketable securities received by the Company or any Restricted

Subsidiary (other than from a Person that is not the Company or a Restricted Subsidiary), or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Senior Notes Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the lesser of (i) the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets and (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary, in each case, to the extent such Investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Company or one of its Restricted Subsidiaries to any Person, an amount equal to the amount of such guarantee; *plus*

(vi) 100% of any cash dividends or distributions received by the Company or a Restricted Subsidiary after the Senior Notes Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from the calculation of amounts under clause (c)(ii) of the preceding paragraph, shall not constitute Excluded Contributions and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is contractually subordinated to the Senior Secured Notes or any Note Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed €5.0 million in any calendar year (with any unused amount in any calendar year being carried over in the next succeeding calendar year); and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds from the sale of Equity Interests of the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary

during such calendar year, in each case to members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any of its direct or indirect parent companies and (B) the cash proceeds of key man life insurance policies, in each case to the extent the cash proceeds have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants;

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;

(8) payments pursuant to any tax sharing agreement or arrangement among the Company and its Subsidiaries and other Persons with which the Company or any of its Subsidiaries is required or permitted to file a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided, however*, that such payments will not exceed the amount of tax that the Company and its Subsidiaries would owe on a stand-alone basis and the related tax liabilities of the Company and its Subsidiaries are relieved by the payment of such amounts to a relevant taxing authority;

(9) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, following a Public Equity Offering of the Capital Stock of the Company or a Parent Entity, the payment of dividends on the Capital Stock of the Company in an amount per annum not to exceed 6% of the Net Cash Proceeds received by the Company from such Public Equity Offering or contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Company or contributed as Subordinated Shareholder Debt to the Company;

(10) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (10) does not exceed €5.0 million in any calendar year;

(11) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) on no more than a pro rata basis;

(12) so long as no Default or Event of Default has occurred and is continuing, the payment of Management Fees;

(13) Permitted Parent Payments;

(14) Restricted Payments that are made with Excluded Contributions;

(15) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is subordinated in right of payment to the Senior Secured Notes or to any Note Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Company) upon a change of control or asset sale to

the extent required by the agreements governing such Indebtedness at a purchase price not greater than (x) 101% of the principal amount of such Indebtedness in the case of a change of control or (y) 100% of the principal amount of such Indebtedness in the case of an asset sale, in each case plus accrued and unpaid interest, but only (a) if the Company shall have complied with its obligations under the covenants described under "Repurchase at the Option of Holders—Change of control" or "Repurchase at the Option of Holders—Asset Sales", if applicable, and the Company shall have repurchased all Senior Secured Notes tendered pursuant to any offer required by such covenants prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Indebtedness;

(16) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Company or a Restricted Subsidiary of the Company by, Unrestricted Subsidiaries;

(17) so long as no Default or Event of Default has occurred and is continuing (or would result from), any Restricted Payment; *provided* that the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payments had been made at the beginning of the applicable four quarter period, have been permitted to incur at least €1.00 of Senior Secured Indebtedness pursuant to the first paragraph of the covenant described under "*—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(18) payments under any Issuer Proceeds Loan incurred in accordance with the covenant described under "*—Incurrence of Indebtedness and Issuance of Preferred Stock*", (A) for the purposes of making corresponding interest payments, tax indemnities, gross-up amounts or increased costs in respect of the applicable Indebtedness incurred by the Senior Notes Issuer or (B) solely to effect the purchase, repurchase redemption, defeasance or other acquisition or retirement for value of any Subordinated Indebtedness permitted pursuant to clause (15) above; *provided* that, in each case, the Senior Note Issuer applies such payments substantially concurrently with the receipt of such payment;

(19) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed €25.0 million since the Issue Date; or

(20) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to LuxCo 3 or LuxCo 4 solely for the purpose of making any corresponding payments in respect of the Note Guarantees of LuxCo 3 or LuxCo 4, respectively required under "*Redemption for Changes in Taxes*"; *provided* that, in each case, such Guarantor applies such payments substantially concurrently with the receipt of such payment.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Liens

The Company will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien (the "*Initial Lien*") of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (a) in the case of any property or asset that does not constitute Collateral, (i) Permitted Liens or (ii) unless all payments due under the Indenture and the Senior Secured Notes (including a Note Guarantee in the case of Liens of a Guarantor) are secured on an equal and ratable basis with the Indebtedness so secured until such time as such Indebtedness is no longer secured by a Lien (and if such Indebtedness so secured is subordinated in right of payment to either the Senior Secured Notes or a Note Guarantee, on a senior priority basis); and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any Lien created for the benefit of the holders pursuant to this covenant will provide by its terms that such Lien will be automatically and unconditionally released and discharged (a) upon the release and discharge of the Initial Lien with respect to clause (a) of the preceding paragraph, or (b) as set forth under the heading "*—Security*."

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(2) make loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Company or any Restricted Subsidiary,

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 period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) the Indenture, the Senior Secured Notes, the Note Guarantees, the Intercreditor Agreement and the Security Documents;

(3) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole (i) are not materially less favorable to the holders of the Senior Secured Notes than the encumbrances and restrictions contained in the Revolving Credit Facility and the Intercreditor Agreement, in each case, as in effect on the Issue Date (as determined in good faith by the Company) or (ii) is customary in comparable financings and where, in the case of this sub-clause (ii), the Company determines at the time of incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Senior Secured Notes (as determined in good faith by the Company);

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that (i) the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced or (ii) is customary in comparable financings and where, in the case of this sub-clause (ii), the Company determines at the time of incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Senior Secured Notes (as determined in good faith by the Company);

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business; and

(13) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (12), or in this clause (13); *provided* that (i) the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or (ii) is customary in comparable financings and where, in the case of this sub-clause (ii), the Company determines at the time of incurrence of such Indebtedness that such encumbrances or restrictions would not adversely affect, in any material respect, the Issuer's ability to make principal or interest payments on the Senior Secured Notes (as determined in good faith by the Company).

Merger, Consolidation or Sale of Assets

The Company will not directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Company (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Senior Secured Notes and the Indenture, the Intercreditor Agreement and the Security Documents;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction; and

(5) the Company delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact. The Trustee will be entitled to conclusively rely upon such Officer's Certificate and opinion of counsel, without independent verification.

The Issuer will not directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union other than France, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Issuer (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Senior Secured Notes and the Indenture, the Intercreditor Agreement and the Security Documents;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Issuer or the Person formed by or surviving any such consolidation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction; and

(5) the Issuer delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied; *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 (3) and (4) above. The Trustee will be entitled to conclusively rely upon such Officer's Certificate and opinion of counsel, without independent verification.

A Guarantor (other than the Company and a Guarantor whose Note Guarantee is to be released in accordance with the terms of Note Guarantee and the Indenture) will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

   (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under its Note Guarantee, the Indenture, the Intercreditor Agreement and the Security Documents to which such Guarantor is a party pursuant to a supplemental indenture, accession agreement, Additional Intercreditor Agreement and appropriate Security Documents reasonably satisfactory to the Trustee; or

   (b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

(3) the Company delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been satisfied; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact. The Trustee will be entitled to conclusively rely upon such Officer's Certificate and opinion of counsel, without independent verification.

In the event of any transaction (other than a lease) described in and complying with the conditions listed in the preceding paragraph in which the Guarantor is not the continuing corporation, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of the Guarantor and the Guarantor will be discharged from all obligations and covenants under this Indenture, its Guarantee, the Senior Secured Notes and the Security Documents to which such Guarantor is a party.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

Clauses (3) and (4) of the first two paragraphs of this "Merger, Consolidation or Sale of Assets" covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Company or the Issuer, as the case may be, with or into any other Guarantor and clause (4) of the second paragraph of this "Merger, Consolidation or Sale of Assets" covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Issuer with or into an Affiliate solely for the purpose of reincorporating the Issuer in another jurisdiction for tax reasons. 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 "all or substantially all" of the property or assets of a Person.

Maintenance of Double LuxCo Structure

(a) The Senior Notes Issuer or any successor Person will not sell, assign, convey, transfer, lease or otherwise dispose of the Capital Stock of LuxCo 3 (including, without limitation, by way of merger or consolidation) and will not otherwise cease to own and hold directly 100% of the outstanding Capital Stock of LuxCo 3 or merge with or into LuxCo 3;

(b) the Senior Notes Issuer or any successor Person will not cause or permit LuxCo 3 to sell, assign, convey, transfer, lease or otherwise dispose of the Capital Stock of LuxCo 4 or any successor Person (including, without limitation, by way of merger or consolidation) and will not otherwise cause or permit LuxCo 3 to cease to own and hold directly 100% of the outstanding Capital Stock of LuxCo 4;

(c) the Senior Notes Issuer or any successor Person will not cause or permit LuxCo 4 to sell, assign, convey, transfer, lease or otherwise dispose of the Capital Stock of the Company (including, without limitation, by way of merger or consolidation) and will not otherwise cause or permit LuxCo 4 to cease to own and hold directly 100% of the outstanding Capital Stock of the Company; and

(d) the Company will not sell, assign, convey, transfer, lease or otherwise dispose of the Capital Stock of the Issuer) (including, without limitation, by way of merger or consolidation) and will not otherwise cease to own and hold directly 100% of the outstanding Capital Stock of the Issuer.

Centre of Main Interests and Establishments

(a) The Senior Notes Issuer will, and will cause each of LuxCo 3 and LuxCo 4 to, for the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the "Regulation") or otherwise, ensure that its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in Luxembourg and ensure that it has no "establishment" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

(b) Without prejudice to the generality of paragraph (a) above, the Senior Notes Issuer will, and will cause each of LuxCo 3 and LuxCo 4 to:

   (i) hold all meetings of its board of directors in Luxembourg (with a majority of the participating directors to attend such meetings physically in Luxembourg);

   (ii) keep any share register, corporate books and any account records in Luxembourg; and

   (iii) to manage its business in Luxembourg.

Disapplication of Double LuxCo Covenants upon Qualifying IPO

Upon at least 15 days' written notice to the Trustee and the Holders in accordance with the provisions set forth under "—Notices," from the Issuer prior to the date that the IPO Pushdown will occur (specifying such date) (the "Pushdown Date"), (a) the Note Guarantees of the Senior Notes Issuer, LuxCo 3 and LuxCo 4 and, in the event the IPO Entity is the Issuer, the Note Guarantee of the Company, will automatically terminate and be discharged and of no further force and effect and (b) the Liens over the assets of the Senior Notes Issuer, LuxCo 3 and LuxCo 4 and, in the event the IPO Entity is the Issuer, liens over the assets of the Company, that constitute Collateral will be automatically released (such termination and release are referred to herein as the "IPO Pushdown").

The IPO Pushdown is subject to the following conditions:

(1) prior to or concurrently with the IPO Pushdown, the Issuer consummates a Qualifying IPO;

(2) all Liens on the assets of the Senior Notes Issuer, LuxCo 3 and LuxCo 4 and, in the event the IPO Entity is the Issuer, liens of the assets of the Company, securing Indebtedness (including Indebtedness under the Revolving Credit Facility and the Senior Notes) are, or have been, released;

(3) the Senior Notes (or any refinancing thereof) are permanently repaid, and the Senior Notes Proceeds Loan, the LuxCo 4 Proceeds Loan, the AcquiCo Proceeds Loan and the Structural Loan are permanently cancelled;

(4) immediately after giving effect to the IPO Pushdown, (a) no Default or Event of Default shall have occurred or be continuing and (b) if the Revolving Credit Facility will remain in place following the IPO Pushdown, no default or event of default under the Revolving Credit Facility Agreement shall have occurred and be continuing;

(5) the receipt by the Trustee of an Officer's Certificate from each Guarantor (for the avoidance of doubt, other than the Senior Notes Issuer, LuxCo 3 and LuxCo 4 and, in the event the IPO Entity is the Issuer, other than the Company) confirming that its Notes Guarantee is in full force and effect and guarantees the obligations of the Issuer under the Senior Secured Notes;

(6) the receipt by the Trustee of (a) an Officer's Certificate from each grantor of a security interest in the Collateral under the Security Documents (other than a security interest being released in compliance with this covenant in connection with the IPO Pushdown) that such security interest is in full force and effect and secures the obligations of the Issuer under the Senior Secured Notes and the obligations of the relevant Guarantors (other than the Senior Notes Issuer, LuxCo 3 and LuxCo 4 and, in the event the IPO Entity is the Issuer, other than the Company) under their Note Guarantees and/or (b) new Security Documents in respect of the

Collateral securing the obligations of the Issuer under the Senior Secured Notes and the obligations of the Guarantors under their Note Guarantees on substantially the same terms (or terms that are more favorable to the holders of the Senior Secured Notes) as the terms of the Security Documents constituting security interests in the Collateral immediately prior to the IPO Pushdown;

(7) immediately after giving effect to the IPO Pushdown, pursuant to the Intercreditor Agreement and any Additional Intercreditor Agreement, the Senior Secured Notes (a) will be the general obligations of the Issuer, (b) will rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Senior Secured Notes (including any Indebtedness under the Revolving Credit Facility) and (c) will rank senior in right of payment to any existing and future Indebtedness of the Issuer that is subordinated in right of payment to the Senior Secured Notes;

(8) immediately after giving effect to the IPO Pushdown, pursuant to the Intercreditor Agreement and any Additional Intercreditor Agreement, the Note Guarantees of the Guarantors (other than the Senior Notes Issuer, LuxCo 3 and Luxco 4 and, in the event that the IPO Entity is the Issuer, other than the Company) (a) will be the general obligation of such Guarantor, (b) will rank *pari passu* in right of payment with any existing and future Indebtedness of such Guarantor that is not subordinated in right of payment to its Note Guarantee of the Senior Secured Notes (including any Indebtedness under the Revolving Credit Facility) and (c) will rank senior in right of payment to any existing and future Indebtedness of such Guarantor that is subordinated in right of payment to its Note Guarantee of the Senior Secured Notes;

(9) the Issuer shall have delivered to the Trustee an Officer's Certificate and opinions of counsel, each stating that the IPO Pushdown, the Indenture, the Intercreditor Agreement and the relevant Security Documents (or any new Security Documents referred to in (6) above) creating security in respect of any Collateral granted for the benefit of the holders of the Senior Secured Notes on or after the Issue Date (other than any such Collateral that comprises rights, property or assets of the Senior Notes Issuer, LuxCo 3, LuxCo 4 and, in the event that the IPO Entity is the Issuer, the Company and the intra-group receivables lent by the Senior Notes Issuer, LuxCo 3, LuxCo 4 and, in the event that the IPO Entity is the Issuer, the Company) are enforceable against the Issuer and any other security grantor, as applicable, and that all relevant conditions precedent have been satisfied (including those in sub-clauses (10), (12) and (13) hereof), it being acknowledged that any opinion of counsel may be subject to exceptions, limitations and exclusions that are customary for a transaction by this type of entity and are determined by counsel to be necessary or appropriate including in light of applicable law;

(10) the Issuer shall have obtained all material governmental approvals and consents required by applicable law, if any, for such assumption and for the performance by the Issuer of its obligations under the Indenture, the Senior Secured Notes, the Intercreditor Agreement and the relevant Security Documents;

(11) following the IPO Pushdown, the Senior Secured Notes will continue to be listed on the Global Exchange Market of the Irish Stock Exchange (or another relevant competent listing authority and/or exchange customary for debt securities similar to the Senior Secured Notes);

(12) prior to the IPO Pushdown, any cash, property, proceeds loans, intercompany loans, Cash Equivalents and other assets held by the Senior Notes Issuer, LuxCo 3, LuxCo 4, or, in the event that the IPO Entity is the Issuer, the Company shall have been transferred to the Issuer (or, in the event that the IPO Entity is the Company, the Company) or one of its Subsidiaries and shall have become, subject to the Agreed Security Principles, part of the Collateral (to the extent they had been part of the Collateral or if reasonably necessary to secure the obligations of the Issuer under the Senior Secured Notes and the obligations of the Guarantors (other than the Senior Notes Issuer, LuxCo 3, LuxCo 4, or in the event that the IPO Entity is the Issuer, the Company) under their Note Guarantees on substantially the same terms (or terms that are more favorable to the holders of the Senior Secured Notes) as the terms of the Security Documents constituting security interests in the Collateral immediately prior to the IPO Pushdown applicable to the new structure *mutatis mutandis*) pursuant to new security documents which

shall hencetoforth be part of the definition "Security Documents" for the purposes of the Indenture and the Intercreditor Agreement; and the Board of Directors of the Issuer shall deliver a certificate which shall confirm the solvency of the Person granting the relevant security interest in the Collateral, after giving effect to the relevant transactions;

(13) the Issuer shall be a holding company without any material operations (other than *de minimis* operations and any operations or activities reasonably necessary to service the Senior Secured Notes and other activities and transactions related or complementary thereto or to its status as a holding company of its Subsidiaries); and

(14) upon receipt of written request from any noteholder, the Issuer shall provide information regarding its position on whether the IPO Pushdown is treated as a deemed exchange for U.S. federal income tax purposes.

Upon consummation of, or concurrently with, the IPO Pushdown in which the IPO Entity is the Issuer, the Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture, the Senior Secured Notes and the Intercreditor Agreement, and upon such substitution, the Company will be released from its obligations under the Indenture. In addition, upon consummation of, or concurrently with, an IPO Pushdown, the Senior Secured Notes and the Senior Notes Issuer, LuxCo 3, LuxCo 4 and, in the event the IPO Entity is the Issuer, the Company will be released from its Note Guarantee.

Beginning on the Pushdown Date, the covenants specifically listed under the following captions under "—Certain Covenants" in this "Description of the Senior Secured Notes" section of this Offering Memorandum (collectively, the "Double LuxCo Covenants") will no longer apply or have any effect:

(i) "*—Centre of Main Interests*"; and

(ii) "*—Maintenance of Double LuxCo Structure*".

For the avoidance of doubt, the Collateral (other than the Collateral released in accordance with the first paragraph of this covenant) shall secure the Senior Secured Notes and the Note Guarantees following the IPO Pushdown. There can be no assurance that a Qualifying IPO will occur.

If the Senior Secured Notes are then listed on the Irish Stock Exchange and the rules of such exchange so require, the Issuer will publish a notice of the consummation of an IPO Pushdown in a newspaper having general circulation in Ireland (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by the Irish Stock Exchange, post such notice on the official website of the Irish Stock Exchange.

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of €2.5 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee:

   (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €7.5 million, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company; and, in addition,

(b) with respect to (i) any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €25.0 million or (ii) any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €7.5 million in which there are no disinterested members of the Board of Directors of the Company, an opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant, employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among the Company and any Restricted Subsidiary, or between or among Restricted Subsidiaries;

(3) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt to Affiliates of the Company;

(6) any Investment (other than a Permitted Investment) or other Restricted Payment, in either case, that does not violate the provisions of the Indenture described above under the caption "—Restricted Payments";

(7) Management Advances;

(8) any Permitted Investments (other than Permitted Investments described in clauses (3) and (14) of the definition thereof);

(9) the incurrence of any Subordinated Shareholder Debt;

(10) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not more disadvantageous to the holders of the Senior Secured Notes in any material respect than the original agreement as in effect on the Issue Date;

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(12) any payments or other transactions pursuant to a tax sharing agreement between the Company and any other Person or a Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated tax return or with

which the Company or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided*, *however*, that any such tax sharing or arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Company and its Restricted Subsidiaries on a stand-alone basis;

(13) any contribution to the capital of the Company in exchange for Capital Stock of the Company (other than Disqualified Stock and preferred stock);

(14) transactions between the Company or any of its Restricted Subsidiaries and any Person, a director of which is also a director of the Company or any direct or indirect parent of the Company; provided, however, that such director abstains from voting as a director of the Company or such direct or indirect parent, as the case may be, on any matter involving such other Person;

(15) pledges of Equity Interests of Unrestricted Subsidiaries; and

(16) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company 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.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary (including any newly acquired or newly formed Restricted Subsidiary) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted Payments." The Trustee will be entitled to conclusively rely upon such Officer's Certificate and copy resolution, without independent verification. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain and maintain the listing of the Senior Secured Notes on the Global Exchange Market of the Irish Stock Exchange for so long as such Senior Secured Notes are outstanding; *provided* that if the Issuer is unable to obtain admission to listing of the Senior Secured Notes on the Global Exchange Market of the Irish Stock Exchange or if at any time the

Issuer determines that it will not maintain such listing, it will use its commercially reasonable efforts to obtain and maintain a listing of such Senior Secured Notes on another recognized stock exchange.

Limitation on Issuances of Guarantees of Indebtedness

The Company will not permit any of its Restricted Subsidiaries that is not a Guarantor, directly or indirectly, to guarantee the payment of any other Indebtedness of the Company or its Restricted Subsidiaries unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the guarantee of the payment of the Senior Secured Notes by such Restricted Subsidiary, which guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness and on the same terms as the other Note Guarantees by Restricted Subsidiaries of the Company except that:

(1) if such Indebtedness is by its terms expressly subordinated to the Senior Secured Notes or any Note Guarantee, any such assumption, guarantee or other liability of such Restricted Subsidiary with respect to such Indebtedness shall be subordinated to such Restricted Subsidiary's Guarantee of the Senior Secured Notes at least to the same extent as such Indebtedness is subordinated to the Senior Secured Notes or such Note Guarantee; and

(2) no Note Guarantee shall be required if such Note Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors, authorized signatories or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary, including, for the avoidance of doubt, "whitewash" or similar procedures or (C) any significant cost, expense, liability or obligation (including with respect of any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Note Guarantee, which cannot be avoided through measures reasonably available to the Company or the Restricted Subsidiary.

The first paragraph of this covenant will not be applicable to any guarantees of any Restricted Subsidiary:

(a) that existed at the time such Person became a Restricted Subsidiary if the guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(b) arising solely due to the granting of a Permitted Lien that would not otherwise constitute a guarantee of Indebtedness of the Company or any Guarantor; or

(c) given to a bank or trust company incorporated in any member state of the European Union as of the date of the Indenture or any commercial banking institution that is a member of the U.S. Federal Reserve System (or any branch, Subsidiary or Affiliate thereof), in each case having combined capital and surplus and undivided profits of not less than €500.0 million, whose debt has a rating, at the time such guarantee was given, of at least A or the equivalent thereof by S&P and at least A2 or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Company's benefit or that of any Restricted Subsidiary.

Each such guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The form of such guarantee shall be the same as the form of a Note Guarantee, the form of which will be attached as an exhibit to the Indenture.

Each guarantee of the Senior Secured Notes shall be released in accordance with the provisions of the Indenture and the Intercreditor Agreement described under "—Note Guarantees" and "Description of Other Indebtedness and Preferred Shares—Intercreditor Agreement."

Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Senior Secured Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Senior Secured Notes unless such consideration is offered to be paid and is paid to all holders of the Senior Secured Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude holders of Senior Secured Notes in any jurisdiction where (i) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (ii) the payment of the consideration therefor would require the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) (A) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Impairment of Security Interest

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would or could reasonably be expected to have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition 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 of the Senior Secured Notes, and the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Senior Secured Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents and the Intercreditor Agreement and (b) the Company may incur Permitted Collateral Liens; and *provided further, however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced, or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the assets), the Company delivers to the Trustee either (1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification or replacement or release, (2) a certificate from the board of directors or the chief financial officer of the relevant Person amending, extending, renewing, restating, supplementing, modifying, replacing or releasing and retaking such Security Document which confirms the solvency of such Person after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release and retaking and replacement, or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Senior Secured Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking. The Trustee will be entitled to conclusively rely upon such certificate or opinion (as the case may be), without independent verification.

At the direction of the Company and without the consent of the holders of Senior Secured Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) (but subject to compliance with the immediately preceding paragraph) provide for Permitted Collateral Liens, (iii) add to the Collateral, (iv) comply with the terms of the Intercreditor Agreement or any Additional Intercreditor Agreement, (v) evidence the succession of another Person to the Issuer or a Guarantor and the assumption by such successor of the obligations under the Indenture, the Senior Secured Notes, the applicable Note Guarantee and the Security Documents, in each case, in accordance with "—Certain Covenants—Merger, Consolidation or Sale of Assets," (vi) provide for the release of property and assets constituting Collateral from the Lien of the Security Documents or the release of the Note Guarantee of a Guarantor, in each case, in accordance with (and if permitted by) the terms of the Indenture, (vii) conform the Security Documents to this "Description of the Senior Secured Notes," (viii) evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent, (ix) (but subject to compliance with the immediately preceding paragraph) to provide for Additional Notes to also benefit from the Collateral or (x) (but subject to compliance with the immediately preceding paragraph) make any other change thereto that does not adversely affect the rights of the holders of the Senior Secured Notes in any material respect.

In the event that the Company complies with this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification, replacement or release with no need for instructions from holders of the Senior Secured Notes.

Additional Intercreditor Agreements

At the request of the Company and without the consent of holders of the Senior Secured Notes, at the time of, or prior to, the incurrence by the Company or a Guarantor of Indebtedness permitted to share in the Collateral, the Company or the relevant Guarantor, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an additional intercreditor agreement (an "*Additional Intercreditor Agreement*") on substantially the same (or more favorable to the holders of the Senior Secured Notes) terms as the Intercreditor Agreement or an amendment to the Intercreditor Agreement (which amendment does not adversely affect the rights of the holders of the Senior Secured Notes in any material respect, as determined in good faith by the Company), it being understood that, for the avoidance of doubt, an increase in the amount of Indebtedness being subject to the terms of the Intercreditor Agreement or Additional Intercreditor Agreement will be deemed to be on substantially similar terms to the Intercreditor Agreement and will be deemed not to adversely affect the rights of the holders of the Senior Secured Notes and will be permitted by this covenant if, in each case, the incurrence of such Indebtedness (and any Lien in its favor) is permitted by the covenants described under the captions "—Incurrence of Indebtedness and Issuance of Preferred Stock" and "—Liens".

At the request of the Company, without the consent of holders of the Senior Secured Notes, and at the time of, or prior to, the incurrence by the Company or a Guarantor of Indebtedness permitted to be incurred pursuant to the preceding paragraph, the Company or the relevant Guarantor, the Security Agent and the Trustee shall enter into one or more amendments to any Intercreditor Agreement or Additional Intercreditor Agreement to: (1) cure defects, resolve ambiguities or reflect changes, in each case, of a minor, technical or administrative nature, (2) increase the amount or types of Indebtedness covered by any Intercreditor Agreement or Additional Intercreditor Agreement that may be incurred by the Company or a Guarantor that is subject to any Intercreditor Agreement or Additional Intercreditor Agreement (*provided* that such amendment is consistent with the preceding paragraph), (3) add new Guarantors to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Senior Secured Notes, (5) make provision for the security securing Additional Senior Secured Notes to rank *pari passu* with the Collateral, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such Intercreditor Agreement or an Additional Intercreditor Agreement that does not adversely affect the rights of holders of the Senior Secured Notes in any material respect.

The Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement or, to the extent applicable, an Additional Intercreditor Agreement, the Trustee shall be deemed to have consented on behalf of the holders of the Senior Secured Notes to any payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Senior Secured Notes thereby; *provided* that such transaction would comply with the covenant described under "—Restricted Payments."

Each holder of the Senior Secured Notes shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have consented to and directed the Trustee and the Security Agent to enter into any Additional Intercreditor Agreement or any amendment of the Intercreditor Agreement or any Additional Intercreditor Agreement which complies with the foregoing provision and the conditions contained therein.

Suspension of Covenants When Senior Secured Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Senior Secured Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Senior Secured Notes cease to have Investment Grade Status (such period, the "*Suspension Period*"), the covenants specifically listed under the following captions in this offering memorandum will no longer be applicable to the Senior Secured Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Asset Sales";

(2) "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(3) "—Restricted Payments";

(4) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) clause (4) of the first paragraph of the covenant described under "—Merger, Consolidation or Sale of Assets";

(6) "—Transactions with Affiliates"; and

(7) "—Designation of Restricted and Unrestricted Subsidiaries".

Such covenants will not, however, be of any effect with regard to the actions of Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption "—Restricted Payments" had been in effect prior to, but not during, the Suspension Period, (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", (3) any transactions prohibited by the covenant described under "—Certain Covenants—Transactions with Affiliates" entered into after such reinstatement pursuant to an agreement entered into during any Suspension Period shall be deemed to be permitted pursuant to clause (10) of the second paragraph of the covenant described under "—Certain Covenants—Transactions with Affiliates," and (4) any encumbrance or restriction on the ability of any Restricted Subsidiary to take any action described in clauses (1) through (3) of the first paragraph of the covenant described under "—

Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries" that becomes effective during any Suspension Period shall be deemed to be permitted pursuant to clause (3) of the second paragraph of the covenant described under "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries". Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero. The Issuer or the Company shall notify the Trustee upon the occurrence of a Suspension Period; *provided* that such notice shall not be a condition of the suspension of covenants described under this heading having effect and the failure to deliver such notice shall not be a Default or Event of Default under the Indenture. There can be no assurance that the Senior Secured Notes will ever achieve or maintain an Investment Grade Status.

Reports

So long as any Senior Secured Notes are outstanding, the Senior Notes Issuer will furnish to the Trustee:

(1) within 120 days after the end of the Senior Notes Issuer's fiscal year beginning with the fiscal year ending March 31, 2014, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to this offering memorandum: (a) audited consolidated balance sheet of the Senior Notes Issuer as of the end of the most recent fiscal year (and comparative information for the end of the prior fiscal year) and audited consolidated income statement and statement of cash flow of the Senior Notes Issuer for the most recent fiscal year (and comparative information for the prior fiscal year), including footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Senior Notes Issuer, together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisitions or disposition that, individually or in the aggregate when considered with all other acquisition or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, represent greater than 20% of the consolidated revenues, EBITDA, or assets of the Senior Notes Issuer on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below; *provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Senior Notes Issuer will provide, in the case of a material acquisition, acquired company financial statements; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion by business segment, if any), financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Senior Notes Issuer, all material affiliate transactions, Indebtedness and material financing arrangements and a description of all material contractual arrangements, including material debt instruments; (e) material risk factors and material recent developments; and (f) a description of the material differences in the financial condition and results of operations between the Company and the Senior Notes Issuer other than with respect to ownership (including any employee incentive plan or arrangement) or management;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Senior Notes Issuer beginning with the fiscal quarter ending June 30, 2013, quarterly reports 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 quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Senior Notes Issuer, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information, together with explanatory footnotes, for any material acquisitions or dispositions (including, without limitation, any acquisition or disposition that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recent completed fiscal quarter as to which such quarterly report relates, represents

greater than 20% of the consolidated revenues, EBITDA or assets of the Senior Notes Issuer on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (1), (2) or (3) of this covenant; *provided* that such pro forma financial information will be provided only to the extent available without unreasonable expense, in which case the Senior Notes Issuer will provide, in the case of a material acquisition, acquired company financial statements; (c) an operating and financial review of the unaudited financial statements (including a discussion by business segment, if any), including a discussion of the consolidated financial condition and results of operations of the Senior Notes Issuer and any material change between the current quarterly period and the corresponding period of the prior year; (d) material recent developments in the business of the Senior Notes Issuer and its Subsidiaries; (e) any material changes to the risk factors disclosed in the most recent annual report with respect to the Senior Notes Issuer; and (f) any changes to the description of the material differences in the financial condition and results of operations between the Company and the Senior Notes Issuer other than with respect to ownership (including any employee incentive plan or arrangement) or management disclosed in the most recent annual report with respect to the Senior Notes Issuer (it being understood that any payment of interest on existing Indebtedness (including cash interest and pay-in-kind or capitalized interest) shall not constitute a material change; and

(3) promptly after the occurrence of (a) a material acquisition, disposition or restructuring (including any acquisition or disposition that would require the delivery of *pro forma* financial information pursuant to clause (1) or (2) above); (b) any senior management change at the Company or the Senior Notes Issuer; (c) any change in the auditors of the Senior Notes Issuer; (d) any resignation of a member of the Board of Directors of the Senior Notes Issuer as a result of a disagreement with the Company or the Senior Notes Issuer, as applicable; (e) the entering into an agreement that will result in a Change of Control; or (f) any material events that the Senior Notes Issuer announces publicly, in each case, a report containing a description of such events;

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Senior Notes Issuer. Delivery of such reports, information and documents to the Trustee shall be for informational purposes only and the Trustee's receipt of such shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants under the Indenture or the Notes (as to which the Trustee shall be entitled to rely exclusively on Officers' Certificates).

Notwithstanding the foregoing, in respect of the reports set forth in clauses (1) and (2) above, if the Senior Notes Issuer and its Subsidiaries have material operational activities other than the Company and its Subsidiaries for the periods that are the subject of such reports, as disclosed on such report, the Company shall provide each report required by clauses (1) and (2) above for such period as if each reference to "the Senior Notes Issuer" had been to "the Company".

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include 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 Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

All financial statements shall be prepared in accordance with IFRS; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods, subject to the provisions of the Indenture. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this offering memorandum.

In addition, for so long as any Senior Secured Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company has agreed that it will furnish to the holders of the Senior Secured Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

The Senior Notes Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of the covenant (i) on the Senior Notes Issuer's website and (ii) if and so long as the Senior Secured Notes are listed on the Global Exchange Market and the rules of the Irish Stock Exchange so require, at the specified office of the Principal Paying Agent in London.

Following any IPO Pushdown, references to the "Senior Notes Issuer" in this covenant shall be construed as referring to the Issuer (if the IPO Entity is the Issuer) or the Company (if the IPO Entity is the Company) and clauses 1(f) and 2(f) of the first paragraph of this covenant shall no longer apply.

Events of Default and Remedies

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Senior Secured Notes, whether or not prohibited by the subordination provisions of the Indenture;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Senior Secured Notes, whether or not prohibited by the subordination provisions of the Indenture or the Intercreditor Agreement;

(3) failure by the Company or relevant Guarantor to comply with the provisions described under the caption "—Certain Covenants—Consolidation, Merger or Sale of Assets";

(4) failure by the Company or relevant Guarantor for 60 days after written notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Senior Secured Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3) or the Senior Secured Notes, the Note Guarantees or the Security Documents);

(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 Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

   (a) is caused by a failure to pay principal of such Indebtedness at the Stated Maturity thereof prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

   (b) results in the acceleration of such Indebtedness prior to its express maturity,

   and, in each case, the principal amount of any such Indebtedness, together with the 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 €20 million or more;

(6) failure by the Company or any Restricted Subsidiary to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of €20 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) (i) any security interest created by the Security Documents ceases to be in full force and effect (except as permitted by the terms of the Indenture or the Security Documents) with respect to

Collateral having a Fair Market Value in excess of €5.0 million and such failure to be in full force and effect has continued uncured for a period of 20 days or an assertion by the Company, any of its Restricted Subsidiaries or any grantor of any security interest over the Collateral that any Collateral is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture or the Security Documents); or (ii) the repudiation by the Company or the grantor of any security interest over the Collateral of any of its material obligations under the Security Documents;

(8) except as permitted by the Indenture, if any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect and such Default continues for 20 days, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee;

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary; and

(10) failure by the Senior Notes Issuer or any Guarantor to comply with the provisions described under the caption "—Certain Covenants—Maintenance of Double LuxCo Structure" and "—Centre of Main Interests and Establishments".

In the case of an Event of Default specified in clause (9) and (10), all outstanding Senior Secured Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Senior Secured Notes may and, if directed by holders of at least 25% in aggregate principal amount of the then outstanding Senior Secured Notes, the Trustee shall, declare all the Senior Secured Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Senior Secured Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Senior Secured Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case 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 holders of Senior Secured Notes unless such holders have offered to the Trustee indemnity and/or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "—Amendment, Supplement and Waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Senior Secured Note may pursue any remedy with respect to the Indenture or the Senior Secured Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Senior Secured Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Senior Secured Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Senior Secured Notes outstanding may, on behalf of the holders of all outstanding Senior Secured Notes, waive any past Default under the Indenture and its consequences, except a continuing Default in the payment of the principal or premium, if any, any Additional Amounts or interest on any Senior Secured Note held by a non-consenting holder (which may only be waived with the consent of holders of the Senior Secured Notes holding 90% of the aggregate principal amount of the Senior Secured Notes outstanding under the Indenture).

Holders of Senior Secured Notes may not enforce the Security Documents, except as provided in the Intercreditor Agreement. The Indenture will provide that in the event an Event of Default has occurred and is continuing of which the Trustee has written notice, 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 materially prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. The Trustee and Security Agent may assume without inquiry, in the absence of actual knowledge, that the Company and the Issuer are duly complying with their obligations contained in the Indenture required to be observed and performed by them, and that no Default or Event of Default or other event that would require repayment of the Notes has occurred.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Senior Secured Notes, the Indenture, the Note Guarantees, the Security Documents, the Intercreditor Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Senior Secured Notes by accepting a Senior Secured Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Secured Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Senior Secured Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Senior Secured Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Senior Secured Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Senior Secured Notes concerning issuing temporary Senior Secured Notes, registration of Senior Secured Notes, mutilated, destroyed, lost or stolen Senior Secured Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Company and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Senior Secured Notes. In the event Covenant Defeasance occurs, all Events of Default described under "—Events of Default and Remedies" (except those relating to payments on the Senior Secured Notes or, solely with respect to the Company, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Senior Secured Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Senior Secured Notes, cash in euros, non-callable European Government Obligations or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Senior Secured Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Senior Secured Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee:

(a) an opinion reasonably acceptable to the Trustee of United States counsel confirming that (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable U.S. Federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Senior Secured Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and

(b) an opinion of counsel in France reasonably acceptable to the Trustee to the effect that (i) the holders of the outstanding Senior Secured Notes will not recognize income, gain or loss for French income tax purposes as a result of such Legal Defeasance and will be subject to French income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred, and (ii) payments on the Senior Secured Notes will not become subject to any withholding or deduction for taxes imposed or levied by or on behalf of France or any taxing authority thereof as a result of such;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee:

(a) an opinion reasonably acceptable to the Trustee of United States counsel confirming that the holders of the outstanding Senior Secured Notes will not recognize income, gain or loss for U.S. Federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and

(b) an opinion of counsel in France reasonably acceptable to the Trustee confirming that (i) the holders of the outstanding Senior Secured Notes will not recognize income, gain or loss for French income tax purposes as a result of such Covenant Defeasance and will be subject to French income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred, and (ii) payments on the Senior Secured Notes will not become subject to any withholding or deduction for taxes imposed or levied by or on behalf of France or any taxing authority thereof as a result of such;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Senior Secured Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

The Trustee will be entitled to conclusively rely upon such Officer's Certificates and opinions without independent verification.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Senior Secured Notes, the Note Guarantees, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Senior Secured Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Senior Secured Notes, the Note Guarantees, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Senior Secured Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of the then outstanding Senior Secured Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Senior Secured Notes), without the consent of each holder of Senior Secured Notes affected, an amendment, supplement or waiver may not (with respect to any Senior Secured Notes held by a non-consenting holder):

(1) reduce the principal amount of Senior Secured Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Senior Secured Note or alter the provisions with respect to the redemption of the Senior Secured Notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Senior Secured Note;

(4) impair the right of any holder of Senior Secured Notes to receive payment of principal of and interest on such holder's Senior Secured Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Senior Secured Notes or any Note Guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Senior Secured Notes (except a rescission of acceleration of the Senior Secured Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Senior Secured Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Senior Secured Note payable in money other than that stated in the Senior Secured Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Senior Secured Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Senior Secured Notes;

(8) waive a redemption payment with respect to any Senior Secured Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders"); or

(9) make any change in the preceding amendment and waiver provisions; or

(10) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement; or

(11) release all or substantially all the security interests granted for the benefit of the holders of the Senior Secured Notes in the Collateral, except in accordance with the terms of the Indenture, the Intercreditor Agreement or the Security Documents.

Notwithstanding the preceding, without the consent of any holder of Senior Secured Notes, the Issuer, the Guarantors the Trustee and, with respect to the Security Documents and the Intercreditor

Agreement, the Security Agent may amend or supplement the Indenture, the Senior Secured Notes, any Note Guarantee, any of the Security Documents or the Intercreditor Agreement:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Senior Secured Notes in addition to or in place of certificated Senior Secured Notes;

(3) to provide for the assumption of the Company's or a Guarantor's obligations to holders of Senior Secured Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Senior Secured Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Note Guarantees, the Security Documents, or the Senior Secured Notes to any provision of this Description of the Senior Secured Notes to the extent that such provision in this Description of the Senior Secured Notes was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees, the Security Documents, or the Senior Secured Notes;

(6) to enter into additional or supplemental Security Documents;

(7) to release any Note Guarantee in accordance with the terms of the Indenture;

(8) to release the Collateral in accordance with the terms of the Indenture and the Security Documents;

(9) to provide for the issuance of Additional Senior Secured Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(10) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Senior Secured Notes;

(11) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture; or

(12) as provided under "—Certain Covenants—Impairment of Security Interest" or "—Certain Covenants—Additional Intercreditor Agreement."

The consent of the holders of Senior Secured Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including opinions of counsel and Officer's Certificates.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Senior Secured Notes issued thereunder, when:

(1) either:

    (a) all Senior Secured Notes that have been authenticated, except lost, stolen or destroyed Senior Secured Notes that have been replaced or paid and Senior Secured Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

    (b) all Senior Secured Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euros, non-callable European Government Obligations or a combination of cash in euros and non-callable European

Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Senior Secured Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Senior Secured Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *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)).

Judgment Currency

Any payment on account of an amount that is payable in euros which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Company or any Guarantor, shall constitute a discharge of the Company or the Guarantor's obligation under the Indenture and the Senior Secured Notes, the Note Guarantee, as the case may be, only to the extent of the amount of euros with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of euros that could be so purchased is less than the amount of euros originally due to such holder or the Trustee, as the case may be, the Company and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Senior Secured Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer or the Company shall deliver written notice to the Trustee within 30 days of becoming aware of the occurrence of a Default or an Event of Default and the action which is being taken in respect thereof. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest in its capacity as Trustee, it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Senior Secured Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing of which the Trustee has written notice, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Senior Secured Notes, unless such holder has offered to the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties.

Listing

Application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars. Application has been made to the Irish Stock Exchange for the Senior Secured Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. There can be no assurance that any such application will be successful or that any such listing will be granted or maintained. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

Additional Information

Anyone who receives this offering memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of Senior Secured Note, the Security Documents and the Intercreditor Agreement without charge by writing to Picard Groupe S.A.S. at 17-19, place de la Résistance, 92446 Issy les Moulineaux Cedex, Paris, France.

So long as the Senior Secured Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange shall so require, copies of the financial statements included in this offering memorandum may be obtained, free of charge, during normal business hours at the offices of the Principal Paying Agent in London.

Consent to Jurisdiction and Service of Process

The Indenture provides that the Issuer and each Guarantor will appoint an agent for service of process in any suit, action or proceeding with respect to the Indenture, the Senior Secured Notes and the Note Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Substantially all of the assets of the Issuer and the Guarantors are outside the United States. As a result, any judgment obtained in the United States against the Issuer or any Guarantor may not be collectable within the United States.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Senior Secured Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Senior Secured Notes will be prescribed five years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*AcquiCo Proceeds Loan*" means the €300.0 million loan made by LuxCo 4 to the Issuer (then known as Lion Polaris S.A.S.) on October 14, 2010.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*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 purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” have correlative meanings.

“*Applicable Premium*” means, with respect to any Senior Secured Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Senior Secured Note; or

(2) the excess of:

  (a) the present value at such redemption date of (i) the redemption price of the Senior Secured Note at August 1, 2014, (such redemption price being set forth in the table appearing above under the caption “—Optional Redemption”) plus (ii) all required interest payments due on the Senior Secured Note through August 1, 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date plus 50 basis points; over

  (b) the principal amount of the Senior Secured Note.

For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, the Registrar, the Calculation Agent or any Paying Agent.

“*Asset Sale*” means:

(1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption “—Repurchase at the Option of Holders—Change of Control” and/or the provisions described above under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets” and not by the provisions described under the caption “—Repurchase at the Option of Holders—Asset Sales”; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any of the Company’s Subsidiaries (in each case, other than directors’ qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €5.0 million;

(2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to a Restricted Subsidiary;

(4) the sale, lease or other transfer of accounts receivable, inventory, trading stock, communications capacity and other assets (including any real or personal property) in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of business of the Company and its Restricted Subsidiaries taken as a whole);

(5) licenses and sublicenses by the Company or any of its Restricted Subsidiaries of software or intellectual property in the ordinary course of business;

(6) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption “—Liens”;

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described above under the caption "—Certain Covenants—Restricted Payments," a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment;

(10) the disposition 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 foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets;

(13) any sale or other disposition of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary;

(14) any exchange of assets (including a combination of assets and Cash Equivalents) for assets related to a Similar Business of comparable or greater market value or usefulness to the business of the Company and its Restricted Subsidiaries as a whole, as determined in good faith by the Company;

(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 Company 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 sale or other disposition of (a) any loss making store site, (b) to the extent taking the form of a sale or other disposition, any sale or disposition of any store site in connection with its relocation to a different site, and (c) of no more than 10 store sites (other than pursuant to clauses (a) and (b) of this paragraph (16)) in each fiscal year; and

(17) a disposition that is made in connection with the establishment of a joint venture or sales, transfers and other dispositions of Investments in joint ventures to the extent required by or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture agreements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or other disposition is applied in accordance with the covenant described under "—Repurchase at the Option of Holders—Asset Sales".

"*Asset Sale Offer*" has the meaning assigned to that term in the Indenture governing the Senior Secured Notes.

"*Associate* " means (i) any Person engaged in a Permitted Business of which the Company 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 Company or any Restricted Subsidiary of the Company.

"*Beneficial Owner* " has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bund Rate*" means, as of any redemption date, the rate per annum equal to the equivalent yield to maturity as of such redemption date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "*Comparable German Bund Issue*" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to August 1, 2014, and that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Senior Secured Notes and of a maturity most nearly equal to August 1, 2014; *provided*, *however*, that, if the period from such redemption date to August 1, 2014 is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany time on the third Business Day preceding the relevant date.

"*Business Day*" means a day (other than a Saturday or Sunday) on which banking institutions are open in London and Paris and which is a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland or Canada, as the case may be, and which are not callable or redeemable at the Company's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof, Switzerland or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of €250 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-2" or higher by Moody's or A or higher by S&P or the equivalent rating category of another internationally recognized rating agency, as of the date of the investment;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P on the date of the investment and, in each case, maturing within one year after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act) other than one or more Permitted Holders);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" as defined above) other than one or more Permitted Holders becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares; or

(4) during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the shareholder representatives on the Board of Directors of the Company (together with any new directors whose election by the majority of the shareholder representatives on such Board of Directors of the Company as applicable, or whose nomination for election by shareholders of the Company, as applicable, was approved by a vote of the majority of the shareholder representatives on the Board of Directors of the Company, as applicable, 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 shareholder representatives on the Board of Directors of the Company, as applicable, then in office.

"*Change of Control Offer*" has the meaning assigned to that term in the Indenture governing the Senior Secured Notes.

"*Collateral* " means the rights, property and assets securing the Senior Secured Notes and the Note Guarantees as described in the section entitled "—Security" and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Company and the Guarantors under the Senior Secured Notes, the Note Guarantees and the Indenture.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income, profits and pursuant to the *Cotisation sur la valeur ajoutée des enterprises*, in each case of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period) of the Company and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(5) Management Fees; *plus*

(6) any amounts relating to lease payments for Hybrid Leases; *plus*

(7) any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; *plus*

(8) any expenses, charges or fees relating to any Equity Offering, Permitted Investment, acquisition or Indebtedness permitted to be Incurred by the Indenture (in each case, whether or not successful); *plus*

(9) any expenses, costs or other charges (including any non-cash charges) related to the Refinancing; *plus*

(10) all expenses incurred directly in connection with any early extinguishment of Indebtedness; *minus*

(11) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (12) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Leverage*" means, as of any date of determination, the sum of the total amount of Indebtedness of the Company (if the IPO Entity is the Company) or the Issuer (if the IPO Entity is the Issuer) and its Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations (other than with respect to commodity prices) entered into for *bona fide* hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors of the Company)).

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (a) the Consolidated Leverage of the Company (if the IPO Entity is the Company) or the Issuer (if the IPO Entity is the Issuer) on such date to (b) the Consolidated EBITDA of the Company (if the IPO Entity is the Company) or the Issuer (if the IPO Entity is the Issuer) for the most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date of such determination, in each case calculated with such *pro forma* provisions set forth in the definition of Consolidated Senior Secured Leverage Ratio.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiaries), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) any net after-tax extraordinary, non-recurring or exceptional gains or losses or income, expenses or charges (less all fees and expenses related thereto) and any severance expenses, will be excluded;

(2) the net income or loss of any Person that is not a Restricted Subsidiary or that is accounted for under the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(3) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "—Certain Covenants—Restricted Payments," any net income or loss of any Restricted Subsidiary (other than any Guarantor) will be excluded 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 Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, 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 Senior Secured Notes or the Indenture and (c) contractual restrictions in effect on the Issue Date with respect to such Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the Holders of the Senior Secured Notes than such restrictions in effect on the Issue Date, except that the Company's 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 Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(4) any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations will be excluded;

(5) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company 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 the Company) will be excluded;

(6) any one time non-cash charges or any increases in amortization or depreciation resulting from purchase accounting, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(7) the cumulative effect of a change in accounting principles will be excluded;

(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 or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(9) any non-cash compensation charge or expenses arising from any grant of stock, stock options or other equity based awards will be excluded;

(10) any goodwill or other intangible asset impairment charges will be excluded;

(11) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded; and

(12) any capitalized interest on any Subordinated Shareholder Debt will be excluded.

"*Consolidated Senior Secured Leverage*" means, as of any date of determination, the sum of the total amount of Senior Secured Indebtedness of the Senior Notes Issuer, LuxCo 3, LuxCo 4, the Company and its Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations (other than with respect to commodity prices) entered into for *bona fide* hedging purposes and not for speculative purposes (as determined in good faith by the Board of Directors of the Company)).

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (a) the Consolidated Senior Secured Leverage of the Senior Notes Issuer on such date to (b) the Consolidated EBITDA of the Senior Notes Issuer for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness, is incurred. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the "*Calculation Date*"), then the Consolidated Senior Secured Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

"*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, in each case, 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.

"*continuing* " means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facilities*" means, one or more debt facilities, instruments or arrangements incurred by any Restricted Subsidiary or any Finance Subsidiary (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, 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, bonds, notes debentures or other corporate debt instruments 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 trustees or other banks or institutions and whether provided under the Revolving Credit Facility 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 Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers 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 Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default* " means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-cash Consideration*" means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale 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 or Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the

Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the sixth month anniversary of the date that the Senior Secured Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Investors*" means (i) Lion Capital and its Affiliates or any trust, fund, company or partnership owned, managed or advised by Lion Capital or any limited partner of any such trust, fund, company or partnership and (ii) senior management of the Issuer or its business participating through a management equity program.

"*Equity Offering*" means a sale of Capital Stock (x) that is a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions, or (y) the proceeds of which are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Company 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.

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit.

"*Excluded Contributions*" means the net cash proceeds received by the Company after the Issue Date from:

(1) contributions to its common equity capital; and

(2) the sale (other than to a Subsidiary of the Company) of Capital Stock (other than Disqualified Stock) of the Company,

in each case designated as "Excluded Contributions" pursuant to an Officers' Certificate of the Company (which shall be designated no later than the date on which such Excluded Contribution has been received by the Company), the net cash proceeds of which are excluded from the calculation set forth in the clause (c)(ii) of the covenant described under "—Restricted payments" hereof.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Company's Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of the Company.

"*Finance Subsidiary*" means a wholly owned subsidiary that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to the Company or a Guarantor and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Company.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowing) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by the Company's Chief Financial Officer or a responsible financial or accounting officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period and, for the avoidance of doubt, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions of business entities or property and assets constituting a division or line of business of any Person, acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such

reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by the Company's Chief Financial Officer or Chief Accounting Officer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest and such Indebtedness is to be given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

"*French GAAP*" means the accounting principles and methods set out under the French *Plan Comptable Général* or otherwise generally accepted in France.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means the Initial Guarantors and any Person that subsequently becomes a Guarantor in accordance with the terms of the Indenture; *provided* that upon the release or discharge of such Person from its Note Guarantee in accordance with the Indenture, such Person ceases to be a Guarantor unless such Person is required to provide a guarantee under the covenant described under "*—Limitation on Issuances of Guarantees of Indebtedness*".

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*Hybrid Leases*" means those leases in respect of real estate of any nature of the Company or its Restricted Subsidiaries which are treated as finance leases pursuant to IFRS but treated as operating leases pursuant to French GAAP.

"*IFRS*" means International Financial Reporting Standards as endorsed by the European Union and in effect on the date of any calculation or determination required hereunder.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than 12 months after such property is acquired or such services are completed; and

(6) representing any Hedging Obligations;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person to the extent guaranteed by such Person; *provided*, *however*, that in the case of Indebtedness secured by a Lien, 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 Company and (b) the amount of such Indebtedness of such other Person.

The term "Indebtedness" shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease of property which would be considered an operating lease under IFRS;

(3) Contingent Obligations in the ordinary course of business;

(4) in connection with the purchase by the Company 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 90 days thereafter;

(5) the avoidance of doubt, any contingent 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; or

(6) deferred or prepaid revenues.

"*Initial Guarantors*" means the Senior Notes Issuer, the Company, LuxCo 3, LuxCo 4, and Picard Surgelés S.A.S.

"*Initial Public Offering*" means the first Public Equity Offering of common stock or common equity interests of the Company or any Parent Entity (or, only for the purpose of the definition of "Qualifying IPO" and the provisions of the Indenture described under the caption "*—Certain Covenants—Disapplication of Double LuxCo Covenants upon Qualifying IPO*", common stock or common equity interests of the Issuer) (the "*IPO Entity*") following which there is a Public Market.

"*Intercreditor Agreement*" means the intercreditor agreement dated October 14, 2010 made between, among others, the Company, the Guarantors, the Trustee, the Security Agent and Crédit Agricole Corporate and Investment Bank, as senior agent and security agent under the Senior Credit Agreement, as amended, restated or otherwise modified or varied from time to time, including as amended and restated on the Issue Date.

"*Investment Grade Status*" shall occur when the Senior Secured Notes are rated Baa3 or better by Moody's and BBB– or better by S&P (or, if either such entity ceases to rate the Senior Secured Notes, the equivalent investment grade credit rating from any other Rating Agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*IPO Market Capitalization*" means an amount equal to (1) the total number of issued and outstanding shares of the common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (2) 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 August 1, 2013.

"*Issuer Proceeds Loan*" means any loan agreement entered into between the Senior Notes Issuer or any intermediate holding company of the Issuer and the Issuer pursuant to which the Senior Notes Issuer lends, directly or indirectly, to the Company or a Restricted Subsidiary the proceeds of any Indebtedness incurred by the Senior Notes Issuer, *provided* that (i) the principal amount of, and interest on, such Issuer Proceeds Loan will not be greater than the principal amount of, and interest rate on, the Indebtedness incurred by the Senior Notes Issuer that funded such Issuer Proceeds Loan (except to the extent a reasonable margin is required by law), as such Indebtedness is amended, replaced or otherwise refinanced from time to time and (ii) such Issuer Proceeds Loan shall be subordinated to the Senior Secured Notes in accordance with the Intercreditor Agreement and any Additional Intercreditor Agreement. For the avoidance of doubt, the Senior Notes Proceeds Loan shall constitute an Issuer Proceeds Loan.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Lion Capital*" means Lion Capital LLP or funds advised and managed by Lion Capital LLP.

"*LuxCo 3* " means Lion/Polaris Lux 3 S.A.

"*LuxCo 4*" means Lion/Polaris Lux 4 S.A.

"*LuxCo 4 Proceeds Loan*" means the €300.0 million loan made by LuxCo3 to LuxCo 4 on October 14, 2010.

"*Luxembourg Security Providers*" means the Senior Notes Issuer, LuxCo 3 and LuxCo 4.

"*Management Advances*" means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €5.0 million in the aggregate outstanding at any time.

"*Management Fees* " means:

(a) customary annual fees for the performance of monitoring services by Lion Capital or any of its Affiliates for the Company or any Restricted Subsidiary; *provided* that such fees will not, in the aggregate, exceed €5.0 million per annum (inclusive of out-of-pocket expenses); and

(b) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by Lion Capital or any of its Affiliates for the Company or any of its Restricted Subsidiaries, which payments in respect of this clause (b) have been approved by a majority of the disinterested members of the Board of Directors of the Company.

"*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.

"*Moody's* " means Moody's Investors Service, Inc.

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any Designated Non-cash Consideration or other consideration received in non-cash form or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale and the sale of such Designated Non-cash Consideration or other consideration received in non-cash form, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than the Company or any Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS.

"*Non-Recourse Debt*" means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

"*Note Guarantee*" means a senior (or, in the case of the guarantee by the Senior Notes Issuer, subordinated) guarantee by each Guarantor of the Company's obligations under the Indenture and the Senior Secured Notes, executed pursuant to the provisions of the Indenture and subject to the provisions of the Intercreditor Agreement.

"*Obligations* " means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Officer* " means, with respect to any Person, the Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President or Vice President, the Treasurer or the Secretary of such Person or any other person that the board of directors of such Person shall designate for such purpose.

"*Officer's Certificate*" means a certificate signed by an Officer.

"*Parent Entity*" means any direct or indirect parent company or entity of the Company.

"*Permitted Business*" means (i) any business, services or activities engaged in by the Company or any of its Restricted Subsidiaries on the Issue Date, and (ii) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing, or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means:

(i) Liens on the Collateral that are described in one or more of clauses (2), (3), (5), (6), (7), (8), (9), (14) and (18) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the security interest in the Collateral; (ii) Liens on Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be incurred under the first paragraph and clauses (1), (3), (4), (5) (if the original Indebtedness was so secured), (8), (9) (to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (16) and (18) of the second paragraph of the covenant "*—Incurrence of Indebtedness and Issuance of Preferred Stock*" and Liens on Collateral to secure the Senior Notes and any guarantees thereof, the Senior Notes Proceeds Loan, and any Permitted Refinancing Indebtedness in respect of such Indebtedness; *provided, however,* that, in each case, such Lien ranks equal or junior to Liens securing the Senior Secured Notes and the Note Guarantees (and junior to Liens securing the Senior Secured Notes and the Note Guarantees if the Lien secures Subordinated Indebtedness of the Company or the relevant Guarantor) (in each case including, for the avoidance of doubt, to distributions of proceeds from enforcement of the Collateral), except that (1) a Lien securing Indebtedness ("*Refinancing Indebtedness*") need not rank equally with Liens in favor of other Indebtedness if such Refinancing Indebtedness was incurred to refinance Indebtedness and such unequal ranking is due solely to operation of law arising as a consequence of such refinancing and (2) lenders under any Credit Facilities may provide for any ordering of payments under the various tranches of such Credit Facilities). Permitted Collateral Liens shall include any extension, renewal or replacement, in whole or in part, of any Lien described in the immediately preceding sentence; *provided* that any such extension, renewal or replacement will be no more restrictive in any material respect than the Lien so extended, renewed or replaced and will not extend in any material respect to any additional property or assets.

"*Permitted Holders*" means the Equity Investors and Related Parties. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Company or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:

  (a) such Person becomes a Restricted Subsidiary; or

  (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales";

(5) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(6) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(7) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(8) Investments in the Senior Secured Notes (including any Additional Senior Secured Notes) and any other Indebtedness of the Company or any Restricted Subsidiary;

(9) any guarantee of Indebtedness not prohibited by the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(10) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(11) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "—Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(12) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(13) any Investment to the extent made using as consideration Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Entity;

(14) Management Advances;

(15) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding not to exceed €50.0 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 above under the caption "—Certain Covenants—Restricted Payments," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(16) Investments in joint ventures of the Company or any of its Restricted Subsidiaries that together with any Indebtedness incurred pursuant to clause (19) of the definition of "Permitted Debt" do not exceed at any one time in the aggregate outstanding, €30.0 million; provided, however, that if any Investment pursuant to this clause (16) is made in any Person that is not a Restricted Subsidiary of the Company at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of the Company after such date, such Investment shall

thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (16) for so long as such Person continues to be a Restricted Subsidiary.

"*Permitted Liens*" means:

(1) Liens in favor of the Company or any of the Restricted Subsidiaries;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers' compensation obligations, leases, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(4) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with or financed by such Indebtedness;

(5) Liens existing on the Issue Date;

(6) Liens for taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) are being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as will be required in conformity with IFRS will have been made;

(7) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(8) survey exceptions, easements 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 or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that 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 such Person;

(9) Liens created for the benefit of (or to secure) the Senior Secured Notes (or any Note Guarantee);

(10) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clause (26) of this definition); *provided*, *however*, that:

   (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

   (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under other applicable jurisdictions) in connection with operating leases in the ordinary course of business;

(14) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(17) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(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 securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(22) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(23) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(24) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(25) Liens on property at the time the Company or a Restricted Subsidiary acquired the property; *provided* that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such acquisition and do not extend to any other property owned by the Company or any Restricted Subsidiary;

(26) Liens incurred with respect to Indebtedness that does not exceed €20.0 million at any one time outstanding;

(27) [Reserved];

(28) any interest or title of a lessor under any operating lease; and

(29) 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.

"*Permitted Parent Payments*" means the declaration and payment of dividends or other distributions, or the making of loans, by the Company or any of its Restricted Subsidiaries to any Parent Entity in amounts and at times required to pay:

(1) franchise fees and other fees, taxes and expenses required to maintain the corporate existence of any parent entity of the Company;

(2) general corporate overhead expenses of any parent entity to the extent such expenses are attributable to the ownership or operation of the Company and its Restricted Subsidiaries or related to the proper administration of such parent entity (including fees and expenses properly incurred in the ordinary course of business to auditors and legal advisors and payments in respect of services provided by directors, officers, consultants, or employees of any such parent entity) not to exceed €5.0 million in any 12 month period;

(3) any income taxes, to the extent such income taxes are attributable to the income of the Company and any of its Restricted Subsidiaries, taking into account any net operating loss carryovers and other tax attributes, and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided* that such Parent Entity shall promptly pay such taxes or refund such amount to the Company;

(4) costs (including all professional fees and expenses) incurred by any parent entity 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 Company or any of its Restricted Subsidiaries, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder; and

(5) fees and expenses of any parent entity incurred in relation to any public offering or other sale of Capital Stock or Indebtedness (whether or not completed) (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or any of its Restricted Subsidiaries; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any parent entity will cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Senior Secured Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually, subordinated in right of payment to the Senior Secured Notes or any Note Guarantee, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Senior Secured Notes or such Note Guarantee, as the case may be, on terms at least as favorable to the holders of Senior Secured Notes or the Note Guarantee, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Company or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Company, a Finance Subsidiary or by a Guarantor.

"*Person* " means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Picard Surgelés*" means Picard Surgelés S.A.S.

"*PG Intra-Group Loan*" means the intra-group loan in an amount of €20 million to be granted by the Issuer to Picard Surgelés on or about the Issue Date.

"*Pre-Expansion European Union*" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004.

"*Public Equity Offering*" means, with respect to any Person, a *bona fide* underwritten primary public offering of the shares of common stock or common equity interests of such Person, either:

(1) pursuant to a flotation on the main market of the London Stock Exchange or any other nationally recognized regulated stock exchange or listing authority in a member state of the Pre-Expansion European Union; or

(2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"*Public Market*" means any time after:

(1) a Public Equity Offering of the IPO Entity has been consummated; and

(2) at least 20% of the total issued and shares of common stock or common equity interests of the IPO Entity has been distributed to investors other than the Permitted Holders or their Related Parties or any other direct or indirect shareholders of the Company as of the Issue Date.

"*Qualifying IPO* " means an Initial Public Offering if no Default or Event of Default is outstanding at the time of such Initial Public Offering (or would result from such Initial Public Offering) and upon consummation of such Initial Public Offering and the application of the proceeds therefrom, either: (a) the Consolidated Leverage Ratio of the Issuer and its Subsidiaries (if the IPO Entity is the Issuer) or the Company and its Subsidiaries (if the IPO Entity is the Company) is less than 3.0 to 1.0 or (b) the Senior Secured Notes shall have achieved Investment Grade Status.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Senior Secured Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Company as a replacement agency.

"*Refinancing*" means the offering of the Senior Secured Notes, the entry into the Revolving Credit Facility and the refinancing of the Senior Facilities Agreement with the proceeds from the offering of the Senior Secured Notes.

"*Related Party*" means:

(1) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual), of any Equity Investor; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which consist of any one or more Equity Investors and/or such other Persons referred to in the immediately preceding clause.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary* " means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the €30 million senior credit agreement between, among others, the Company, as the parent and obligor, certain of the Company's Subsidiaries, as borrowers and guarantors, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Credit Suisse International, Goldman Sachs International, Morgan Stanley Bank International Limited, Natixis, London Branch and Société Générale, as mandated lead arrangers, and BNP Paribas as facility agent and security agent, dated the Issue Date and as amended and restated (whether or not upon termination, and whether with the original lenders or otherwise), restructured, repaid refunded, refinanced or otherwise modified from time to time, including any agreement or indenture extending the maturity thereof, refinancing, replacing or otherwise restructuring all or any portion of the Indebtedness under such agreement or agreements or any successor or replacement agreement or agreements or increasing the amount loaned thereunder (subject to compliance with the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock") or altering the maturity thereof.

"*S&P* " means Standard & Poor's Ratings Group.

"*Security* " means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"*Security Documents*" means any 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 and pursuant to which the Collateral is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Senior Secured Notes and the Trustee or notice of such pledge, assignment or grant is given.

"*Senior Credit Agreement*" means the €675 million senior credit agreement between, among others, the Senior Notes Issuer as parent, the Company, certain of the Company's Subsidiaries, as borrowers and guarantors, Citigroup Global Markets Limited, Credit Suisse International, Morgan Stanley Bank International Limited, Crédit Agricole Corporate and Investment Bank, and Société Général Corporate & Investment Banking, as mandated lead arrangers, and Crédit Agricole Corporate and Investment Bank, as facility agent and security agent, dated September 14, 2010, and as amended and restated or otherwise modified.

"*Senior Notes*" means the €300.0 million aggregate principal amount senior notes due 2018 issued by the Senior Notes Issuer.

"*Senior Notes Indenture*" means the indenture dated as of October 6, 2010 among, *inter alios*, the Senior Notes Issuer, Citibank, N.A., London Branch, as Trustee, Security Agent, Principal Paying Agent and Transfer Agent, Citigroup Global Markets Deutschland AG, as Registrar, and Citibank Europe plc, as Irish Paying Agent.

"*Senior Notes Issuer*" means Picard Bondco S.A., the indirect parent company.

"*Senior Notes Issue Date*" means October 6, 2010.

"*Senior Notes Proceeds Loan*" means the €300.0 million loan made by the Senior Notes Issuer to LuxCo 3 on October 14, 2010.

"*Senior Secured Indebtedness*" means, as of any date of determination, any Indebtedness that (a) is secured by a Lien on assets other than Collateral, (b) is secured by a Lien on Collateral that ranks *pari passu* with or senior or prior to the Liens that secure the Senior Secured Notes and the Note Guarantees of Restricted Subsidiaries of the Company, and (c) Indebtedness of a Restricted Subsidiary of the Company that is not a Guarantor (other than, in all cases, the Senior Notes and the guarantees of the Senior Notes and any Permitted Refinancing Indebtedness in respect thereof).

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Structural Loan*" means the structural proceeds loan made by LuxCo 4 to the Company on October 14, 2010, the original principal amount of which was €381,729,532.

"*Subordinated Indebtedness*" means (a) with respect to the Issuer, any Indebtedness of the Issuer which is by its terms subordinated in right of payment to the Senior Secured Notes (including, for the avoidance of doubt, the Senior Notes Proceeds Loan and the guarantees of the Senior Notes) and (b) with respect to a Guarantor, any Indebtedness of such Guarantor which is by its terms subordinated in right of payment to its Note Guarantee (including, for the avoidance of doubt, in the case of the Company, the Structural Loan and the guarantees of the Senior Notes).

"*Subordinated Shareholder Debt*" means, collectively, any debt provided to the Company by any direct or indirect parent of the Company or any Permitted Holder or Related Party, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, 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 Debt; *provided* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the Stated Maturity of the Senior Secured Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the Stated Maturity of the Senior Secured Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Senior Secured Notes;

(4) is not secured by a lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Senior Secured Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company at least to the same extent as the Senior Secured Notes are subordinated to Senior Debt under the Indenture and the Intercreditor Agreement;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Senior Secured Notes or compliance by the Company with its obligations under the Senior Secured Notes and the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Senior Secured Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company;

provided, *however*, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Company, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business 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 and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and 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.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax).

"*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries, as shown on the most recent balance sheet of the Company.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company (other than the Company or any successor to the Company) that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that at the time of such designation such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates," is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

"*Working Capital Intercompany Loan*" means any loan to or by the Company or any of its Restricted Subsidiaries to or from the Company or any of its Restricted Subsidiaries from time to time (1) for purposes of consolidated cash and tax management and working capital management and (2) for a duration of less than one year; *provided* that if such Working Capital Intercompany Loan exceeds €5.0 million, it shall be expressed to be Subordinated Indebtedness.

BOOK-ENTRY; DELIVERY AND FORM

General

Senior Secured Notes sold to qualified institutional buyers in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). Senior Secured Notes sold outside the United States in reliance on Regulation S 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"). The Global Notes were deposited, on the Issue Date, with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream, Luxembourg.

Ownership of interests in the Rule 144A Global Note ("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, Luxembourg or persons that hold interests through such participants. Euroclear and Clearstream, Luxembourg 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 depositories. 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 by Euroclear and Clearstream, Luxembourg and their participants. 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 Senior Secured Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Senior Secured Notes for any purpose.

So long as the Senior Secured Notes are held in global form, the common depositary for Euroclear and/or Clearstream, Luxembourg (or its respective 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, Luxembourg, and indirect participants must rely on the procedures of Euroclear and Clearstream, Luxembourg and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Senior Secured Notes under the Indenture.

Neither we, the Paying Agents, the Transfer Agent, the Calculation 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:

(1) if Euroclear or Clearstream, Luxembourg notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream, Luxembourg following an Event of Default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

Euroclear and Clearstream, Luxembourg have advised us that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (2), their current procedure is to request that we issue or cause to be issued Senior Secured Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Issuer 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, Luxembourg or us, as applicable (in accordance with their 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 the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Principal Paying Agent, the Transfer Agent, the Calculation 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 Registrar, and such registration is a means of evidencing title to the Senior Secured Notes.

We will not impose any fees or other charges in respect of the Senior Secured 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, Luxembourg.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, Luxembourg, 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, Luxembourg, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, Luxembourg, if fewer than all of the Senior Secured Notes are to be redeemed at any time, Euroclear and Clearstream, Luxembourg will credit their 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

We 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 Principal Paying Agent for onward payment to Euroclear and Clearstream, Luxembourg, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Senior Secured Notes—Additional Amounts*". If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Senior Secured Notes—Additional Amounts*" above, we will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect 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, we and the Trustee will treat the registered holders of the Global Notes (i.e., the common depositary for Euroclear or Clearstream, Luxembourg (or its respective nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee, the Paying Agents, the Transfer Agent, the Calculation Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for:

- aspect of the records of Euroclear, Clearstream, Luxembourg 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, Luxembourg or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream, Luxembourg 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 participants.

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 Global Notes will be paid to holders of interests to such Senior Secured Notes through Euroclear or Clearstream, Luxembourg in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream, Luxembourg have advised us that they will take any action permitted to be taken by a holder of Senior Secured Notes (including the presentation of Senior Secured 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 Senior Secured Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream, Luxembourg 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 Senior Secured Notes, Euroclear and Clearstream, Luxembourg, at the request of the holders of the Senior Secured Notes, reserve the right to exchange the Global Notes for definitive registered Senior Secured 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, Luxembourg will be effected in accordance with Euroclear and Clearstream, Luxembourg's rules and will be settled in immediately available funds. If a holder of Senior Secured Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Senior Secured Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Senior Secured Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream, Luxembourg and in accordance with the procedures set forth in the Indenture governing the Senior Secured Notes.

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 U.S. Securities Act or any other exemption (if available under the U.S. 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 Senior Secured 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 such Senior Secured 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.

Information Concerning Euroclear and Clearstream, Luxembourg

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, Luxembourg, as applicable. We have provided 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. Neither we nor the initial purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream, Luxembourg: Euroclear and Clearstream, Luxembourg 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, Luxembourg provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream, Luxembourg interface with domestic securities markets. Euroclear and Clearstream, Luxembourg participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream, Luxembourg 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, Luxembourg participant, either directly or indirectly.

Because Euroclear and Clearstream, Luxembourg 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 beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream, Luxembourg system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive 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 persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream, Luxembourg systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream, Luxembourg participants.

Global Clearance and Settlement Under the Book-Entry System

The Senior Secured Notes represented by the Global Notes are expected to be listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream, Luxembourg currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, Luxembourg, 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, any Guarantor, the initial purchasers, the Trustee, the Transfer Agent, the Calculation Agent, the Registrar or the Principal Paying Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Senior Secured Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream, Luxembourg 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, Luxembourg 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, Luxembourg 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.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Senior Secured Notes offered hereby.

The Senior Secured Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws 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 U.S. Securities Act and applicable state securities laws. Accordingly, the Senior Secured Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We have not registered and will not register the Senior Secured Notes or the Guarantees under the U.S. Securities Act and, therefore, the Senior Secured Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we offered and sold the Senior Secured 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 in compliance with Rule 144A; and
- outside the United States in offshore transactions in accordance with Regulation S.

We use the terms "offshore transaction" and "United States" with the meanings given to them in Regulation S.

Each purchaser of Senior Secured 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) It understands and acknowledges that the Senior Secured Notes and the Guarantees have not been registered under the U.S. Securities Act or any other applicable state securities laws, and that the Senior Secured Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state 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) It is not an "affiliate" (as defined in Rule 144) of the Issuer or acting on behalf of the Issuer and it is either:

 (i) a QIB and is aware that any sale of Senior Secured Notes to it will be made in reliance on Rule 144A, and the acquisition of Senior Secured Notes will be for its own account or for the account of another QIB; or

 (ii) it is purchasing the Senior Secured Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Issuer, the Guarantors, the Trustee, the Principal Paying Agent, the Transfer Agent, the Calculation Agent, the Registrar nor the initial purchasers, nor any person representing any of them, have made any representation to it with respect to the offering or sale of any Senior Secured Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Senior Secured Notes. It has had access to such financial and other information concerning us, the Issuer and its subsidiaries and the Senior Secured Notes as it has deemed necessary in connection with its decision to purchase any of the Senior Secured Notes, including an opportunity to ask questions of, and request information from, the Issuer and the initial purchasers.

(4) It is purchasing the Senior Secured Notes for its own account, or for one or more investor accounts for which it is 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 U.S. Securities Act or any state securities laws, subject 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 subject to its or their ability to resell such Senior Secured Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of Senior Secured Notes issued in reliance on Rule 144A ("Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Senior Secured Notes, and each subsequent holder of the Rule 144A Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Senior Secured Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the date of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Senior Secured Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Senior Secured Notes are eligible pursuant to Rule 144A, to a person it reasonably believes 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, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S, or (v) pursuant to any other available exemption from the registration requirements of the U.S. 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 in 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 (v) 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 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.

Each holder of Senior Secured Notes issued in reliance on Regulations S ("Regulation S Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Senior Secured Notes, and each subsequent holder of the Regulation S Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Senior Secured Notes prior to the date (the "Resale Restriction Termination Date") that is 40 days after the later of the date of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Senior Secured Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Senior Secured Notes are eligible pursuant to Rule 144A, to a person it reasonably believes 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, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S, or (v) pursuant to any other available exemption from the registration requirements of the U.S. 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 in 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 (iv) or (v) 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 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 Senior Secured 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 U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF, AGREES 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, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A 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 U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. 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 IN 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, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If it purchases Senior Secured Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Senior Secured Notes as well as to holders of these Senior Secured Notes.

(7) It agrees that it will give to each person to whom it transfers the Senior Secured Notes notice of any restrictions on transfer of such Senior Secured Notes.

(8) It acknowledges that the Registrar and Transfer Agent will not be required to accept for registration or transfer any Senior Secured Notes acquired by it except upon presentation of evidence satisfactory to the Issuer, Transfer Agent and the Registrar that the restrictions set forth therein have been complied with.

(9) It acknowledges that the Issuer, the initial purchasers, the Trustee, the Transfer Agent, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements,

representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Senior Secured Notes is no longer accurate, it shall promptly notify the initial purchasers. If it is acquiring any Senior Secured Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, any of the Guarantors or the initial purchasers that would result in a public offering of the Senior Secured Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Senior Secured Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Senior Secured Notes will be subject to the selling restrictions set forth under "*Plan of Distribution*".

CERTAIN TAX CONSIDERATIONS

Savings Directive

On June 3, 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since July 1, 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Savings Directive (interest, premium or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident or certain limited types of entities established in that other Member State (the "Disclosure of Information Method").

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals. In the case at hand, (i) the Issuer or (ii) Euroclear and Clearstream, Luxembourg or (iii) Euroclear's and Clearstream, Luxembourg's common depositary or (iv) Euroclear's and Clearstream, Luxembourg's common depositary's nominee or (v) another entity may be considered paying agent within the meaning of the Savings Directive depending on (a) the legal status of (ii), (iii) and (iv) and (b) the modalities of the payments made to the holders of the Senior Secured Notes.

However, throughout a transitional period, certain Member States (Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, withhold an amount on interest payments unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method or the tax certificate procedure. The rate of such withholding is 35%.

Such transitional period will end at the end of the first full financial year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on April 18, 2002 (the "OECD Model Agreement") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since July 1, 2005.

On November 13, 2008 the European Commission published a detailed proposal for amendments of the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on April 24, 2009. If any of those proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirement described above.

Certain French Tax Consequences

The following summary is of a general nature and is included herein solely for information purposes. It is a description of the essential material French tax consequences with respect to the Senior Secured Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any prospective investor and may not include tax considerations that arise from rules of general application or that are generally assumed to be known by the holders of the Senior Secured Notes (the "Noteholders"). The following describes certain French tax consequences with respect to the Senior Secured Notes for non-French tax residents Noteholders who do not own their Senior Secured Notes in connection with a permanent establishment or a fixed base in France and who do not hold shares in the Issuer. This summary is based on the laws in force in France on the date of this Prospectus and is subject to any change in law that may take effect after such date. It is not intended to be, nor should it be construed to be, legal or

tax advice. Prospective investors in the Senior Secured Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including French tax law, to which they may be subject.

Savings Directive

The Savings Directive was implemented into French law under Article 242 ter of the French *Code général des impôts* (French Tax Code, the "FTC"), which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

Withholding tax

According to Article 125 A III of the FTC, payments of interest made by a debtor with respect to a particular debt (including debt in the form of notes) are not subject to withholding tax unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the FTC (a ''Non-Cooperative State''). If such payments are made in a Non-Cooperative State, a 75% withholding tax is applicable (subject to certain exceptions certain of which are set forth below and to the more favorable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the FTC.

Furthermore, according to Article 238 A of the FTC, interest on debt will not be deductible from the debtor's taxable income if it is paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non-Cooperative State. Under certain conditions, any such non-deductible interest may be re-characterized as constructive dividends pursuant to Article 109 of the FTC, in which case it may be subject to the withholding tax set out under Article 119 bis 2 of the FTC, at a rate of 30% or 75% (subject to the more favorable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, Articles 125 A III and 238 A of the FTC provide that neither the 75% withholding tax set out under Article 125 A III of the FTC nor, to the extent the relevant interest relates to genuine transactions and is not in an abnormal or exaggerated amount, the non-deductibility rule set out under Article 238 A of the FTC will apply in respect of a particular debt if the debtor can prove that the main purpose and effect of such transactions were not that of locating the interest in a Non-Cooperative State (the ''Exception''). Pursuant to the *Bulletin Officiel des Finances Publiques—Impôts* (French administrative guidelines) referenced as BOI-INT-DG-20-50-20120912 (the ''Administrative Guidelines''), an issue of notes will benefit from the Exception without the issuer having to provide any evidence supporting the main purpose and effect of such issue of Senior Secured Notes, if such Senior Secured Notes are:

- offered by means of a public offering within the meaning of Article L.411-1 of the French *Code monétaire et financier* (French Monetary and Financial Code) or pursuant to an equivalent offer in a state other than a Non-Cooperative State (for this purpose, an ''equivalent offering'' means any offering requiring the registration or submission of an offering document by or with a foreign securities market authority); or
- admitted to trading on a French or foreign regulated market or on a multilateral financial instruments trading facility provided that such market or facility is not located in an Non-Cooperative State and that such market is operated by a market operator, an investment services provider, or by such other similar foreign entity that is not located in a Non-Cooperative State; or
- admitted, at the time of their issue, to the clearing operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

The Senior Secured Notes issued by the Issuer under this offering memorandum qualify as debt securities under French commercial law. Considering (i) that, as of the date of their admission to trading, the Senior Secured Notes will be admitted to trading on the Irish Stock Exchange in Ireland which does not qualify as a Non-Cooperative State and that such market will be operated by a market operator which is not located in a Non-Cooperative State, and (ii) that the Senior Secured Notes will be admitted to the clearing operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561-2 of the French *Code monétaire et financier* which is not located in a Non-Cooperative State, payments made by the Issuer in respect of the Senior Secured Notes to their holders should benefit from at least one of the above mentioned exceptions and consequently be exempt from the withholding tax set out under Article 125 A III of the FTC. Moreover, pursuant to the Administrative Guidelines, interest paid by the Issuer on the Senior Secured Notes should not be subject to the non-deductibility rule set out under Article 238 A of the FTC and, as a result, should not be subject to the withholding tax set out under Article 119 bis 2 of the FTC solely on account of their being paid in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

A Noteholder who is not a resident of France for French tax purposes and who does not hold its Senior Secured Notes in connection with a permanent establishment or a fixed place of business in France will not be subject to any income or withholding taxes in France in respect of the gains realized on the sale, exchange or other disposition of Senior Secured Notes.

Transfer tax

Transfers of Senior Secured Notes are not subject to any stamp duty or other transfer taxes imposed in France.

Certain Luxembourg Tax Consequences

The following summary is of a general nature and is included herein solely for information purposes. It is a description of the essential material Luxembourg tax consequences with respect to the Senior Secured Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any prospective investor and may not include tax considerations that arise from rules of general application or that are generally assumed to be known by the holders of the Senior Secured Notes (the "Noteholders"). This summary is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to any change in law that may take effect after such date. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Senior Secured 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 below applies for Luxembourg income tax assessment purposes only. Any reference in the present section 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 (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Corporate Noteholders 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 tax payers 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.

Luxembourg tax residency of the Noteholders

A Noteholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding of the Senior Secured Notes, or the execution, performance, delivery and/or enforcement of the Senior Secured Notes.

Withholding Tax

Resident Noteholders

Under the Luxembourg amended law dated December 23, 2005 (the "2005 Law"), a 10% withholding tax (the "10% WHT") is levied as of January 1, 2006 on interest payments (or similar income) made by a Luxembourg paying agent to or for the immediate benefit of a Luxembourg resident individual. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Senior Secured Notes. 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.

Further, a Luxembourg resident individual who acts in the course of the management of his/her private wealth and who is the beneficial owner of an interest payment made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area or in a jurisdiction having concluded an agreement with Luxembourg in connection with the Savings Directive, may also, in accordance with the 2005 Law, opt for a final 10% levy (the "10% Levy"). In such case, the 10% Levy is calculated on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 10% Levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year.

Non-resident Noteholders

Under the Luxembourg tax law currently in effect and subject to the application of the Luxembourg amended laws dated June 21, 2005 implementing the Savings Directive (the "Laws") and several agreements concluded between Luxembourg and certain dependant territories of the European Union, there is no withholding tax on payments of interests (including accrued but unpaid interest) made to a Luxembourg non-resident Noteholder, repayment of the principal, or redemption or exchange of the Senior Secured Notes.

Under the Laws, a Luxembourg based paying agent (within the meaning of the Savings Directive) is required, since July 1, 2005, to withhold tax (the "Savings WHT") on interest (including interest accrued or capitalized at the sale or redemption of a debt claim) paid by it to (or under certain circumstances, to the benefit of) an individual or a residual entity (a "Residual Entity") in the sense of article 4.2. of the Savings Directive (*i.e.* an entity without legal personality except for (i) a Finnish *avoin yhtiö* and *kommandiittiyhtiö* / *öppet bolag* and *kommanditbolag* and (ii) a Swedish *handelsbolag* and *kommanditbolag*, and whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council Directive 85/611/EEC), as replaced by Council Directive 2009/65/EC), resident or established in another Member State of the European Union, unless the beneficiary of the interest payment elects for an exchange of information. The same regime applies to payments to individuals or Residual Entities resident in any of the following territories: Aruba, the British Virgin Islands, Guernsey, the Isle of Man, Jersey, Montserrat and the former Netherlands Antilles.

The Savings WHT is currently of 35%. The Savings WHT System will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain other countries.

In each case described here above, responsibility for the withholding tax will be assumed by the Luxembourg paying agent.

Taxation of the Noteholders

Taxation of Luxembourg residents

Luxembourg resident individuals

A Luxembourg resident individual, acting in the course of the management of his/her private wealth, is subject to Luxembourg ordinary income tax in respect of interest received, redemption premiums or issue discounts under the Senior Secured Notes, except if the 10% WHT or the 10% Levy has been applied.

Under Luxembourg domestic tax law, gains (or portions thereof) realized upon the sale, disposal or redemption of the Senior Secured Notes by a Luxembourg resident individual Noteholder, who acts in the course of the management of his/her private wealth, on the sale or disposal, in any form whatsoever, of Senior Secured Notes are not subject to Luxembourg ordinary income tax if such gains (or portions thereof) are considered interest payments within the meaning of the 2005 Law and are consequently subject to the 10% WHT or the 10% Levy. If such gains (or portions thereof) are not considered interest payments within the meaning of the 2005 Law and are consequently not subject to the 10% WHT or the 10% Levy, they are not subject to Luxembourg ordinary income tax if (i) the sale or disposal took place at least six months after the acquisition of the Senior Secured Notes and (ii) the Senior Secured Notes do not constitute zero coupon notes or issue discount notes. A gain (or a portion thereof) realized by a Luxembourg resident individual who acts in the course of the management of his or her wealth upon the sale of zero coupon notes or issue discount notes (at maturity or before maturity) are subject to Luxembourg ordinary income tax if such gain (or a portion thereof) is not considered interest payments within the meaning of the 2005 Law and are consequently not subject to the 10% WHT or the 10% Levy.

Without prejudice to what is stated above on the 10% WHT, a Luxembourg resident individual, who acts in the course of the management of a professional or business undertaking to which the Senior Secured Notes are attributable, has to include interest and gains realized on the sale or disposal of the Senior Secured Notes in his/her taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Senior Secured Notes sold or redeemed.

Luxembourg resident companies

A Luxembourg resident company (*société de capitaux*) must include interest and gains realized on the sale or disposal of the Senior Secured Notes in its taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Senior Secured Notes sold or redeemed.

Luxembourg residents benefiting from a special tax regime

Luxembourg residents who benefit from a special tax regime, such as, for example, (i) undertakings for collective investment subject to the amended laws of December 17, 2010, (ii) specialised investment funds subject to the amended law dated February 13, 2007 or (iii) family wealth management companies subject to the amended law dated May 11, 2007, are exempt from income tax in Luxembourg and thus income derived from the Senior Secured Notes, as well as gains realized thereon, are not subject to Luxembourg income taxes.

Taxation of Luxembourg non-residents

Without prejudice to what is stated above on the Savings WHT, a non-resident who has neither a fixed place of business, a permanent establishment nor a permanent representative in Luxembourg to which the Senior Secured Notes are attributable is not liable to any Luxembourg income tax, whether he receives payments of principal or interest (including accrued but unpaid interest) or realizes capital gains upon redemption, repurchase, sale or exchange of any Senior Secured Notes.

Without prejudice to what is stated above on the Savings WHT, a Luxembourg non-resident who has a fixed place of business, a permanent establishment or a permanent representative in Luxembourg to which the Senior Secured Notes are attributable has to include any interest, as well as any capital gain realized on the sale or disposal of the Senior Secured Notes, in his/her taxable income for Luxembourg income tax assessment purposes.

Net Wealth Tax

A Luxembourg resident or a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Senior Secured Notes are attributable is subject to Luxembourg net wealth tax on such Senior Secured Notes, except if the Noteholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the amended law of December 17, 2010, (iii) a securitisation company governed by the amended law of March 22, 2004 on securitisation, (iv) a company governed by the amended law of June 15, 2004 on venture capital vehicles, (v) a specialized investment fund subject to the amended law of February 13, 2007 or (vi) a family wealth management company subject to the amended law of May 11, 2007.

Other Taxes

Registration taxes and stamp duties

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Noteholders as a consequence of the issuance of the Senior Secured Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or repurchase of the Senior Secured Notes. In the case of court proceedings in a Luxembourg court or the voluntary presentation of documents—either directly or by way of reference—to any official authority (*autorité constituée*) in Luxembourg, such court or *autorité constituée* may require registration of all or part of the documents with the *Administration de I'Enregistrement et des Domaines* in Luxembourg, which may result in registration duties, at a fixed rate of EUR 12 or an *ad valorem* rate which depends on the nature of the registered document, becoming due and payable if and at the time when the documents are registered with the *Administration de I'Enregistrement et des Domaines* in Luxembourg.

Value added tax

There is no Luxembourg value added tax payable in respect of payments in consideration for the issuance of the Senior Secured Notes or in respect of the payment of interest or principal under the Senior Secured Notes or the transfer of the Senior Secured Notes. Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered or are deemed to be rendered in Luxembourg and an exemption from Luxembourg value added tax does not apply with respect to such services.

Inheritance tax and gift tax

No estate or inheritance taxes are levied on the transfer of the Senior Secured Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes.

Gift tax may be due on a gift or donation of Senior Secured Notes if the gift is recorded in a deed passed in front of a Luxembourg notary or otherwise registered in Luxembourg.

Material U.S. Federal Income Tax Considerations

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

* * * * *

The following is a summary of the material U.S. federal income tax consequences of the acquisition, ownership and disposition of Senior Secured Notes by a U.S. Holder (as defined below). This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations and rulings and decisions currently in effect, all of which are subject to change (possibly with retroactive effect). This summary assumes that investors purchase the Senior Secured Notes at the "issue price" (the first price at which a substantial amount of Senior Secured Notes are sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering and that they hold the Senior Secured Notes as capital assets within the meaning of Section 1221 of the Code. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Senior Secured Notes by particular investors, and does not address federal non-income, state, local, foreign or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, regulated investment companies, real estate investment trusts, S corporations, investors in partnerships or other pass-through entities for U.S. tax purposes, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers in securities or currencies, persons that use or are required to use the mark-to-market method of accounting for securities, investors that will hold the Senior Secured Notes as part of straddles, hedging, integrated, constructive sale, or conversion transactions for U.S. federal income tax purposes, U.S. individual expatriates or entities subject to the U.S. anti-inversion rules or investors whose functional currency is not the U.S. dollar). Additionally, this summary does not describe any tax consequences arising from the Medicare tax on certain "net investment income" pursuant to the Health Care and Education Reconciliation Act of 2010.

As used herein, the term "U.S. Holder" means a beneficial owner of Senior Secured Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation (or 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, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if it (1) is subject to the primary supervision of a court within the U.S. 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.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are partnerships should consult their tax advisers concerning the U.S. federal income tax consequences to their partners of the acquisition, ownership and disposition of Senior Secured Notes by the partnership.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE SENIOR SECURED NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF FEDERAL NON-INCOME, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Additional Payments

In certain circumstances (see "*Description of the Senior Secured Notes—Optional Redemption*", "*Description of the Senior Secured Notes—Change of Control*" and "*Description of the Senior Secured Notes—Additional Amounts*"), we may be obligated to pay amounts in excess of stated interest or principal on the Senior Secured Notes.

Because of the possibility of such payments, subject to certain exceptions, the Senior Secured Notes may be treated as "contingent payment debt instruments", in which case the timing and amount of income inclusions and the character of income recognized may be different from the consequences discussed herein. Although the issue is not free from doubt, the Issuer intends to take the position that the possibility of such additional amounts being paid on the Senior Secured Notes is remote or incidental under applicable Treasury regulations. Therefore, the Issuer does not intend to treat the potential payment of additional interest or the potential payment of a premium pursuant to the optional redemption or change of control provisions as part of the yield to maturity of the Senior Secured Notes and does not intend to treat the Senior Secured Notes as contingent payment debt instruments.

The Issuer's determination that these contingencies are remote or incidental is binding on a U.S. Holder, unless such U.S. Holder explicitly discloses to the U.S. Internal Revenue Service (the "IRS") on its tax return for the year during which it acquires the Senior Secured Notes that it is taking a different position. However, this determination is not binding on the IRS. If the IRS takes a contrary position to that described above, a U.S. Holder may be required to accrue interest income on the Senior Secured Notes based upon a comparable yield, regardless of the U.S. Holder's method of accounting. The "comparable yield" is the yield at which the Issuer would issue a fixed-rate debt instrument with no contingent payments, but with terms and conditions similar to those of the Senior Secured Notes. In addition, any gain on the sale, exchange, retirement or other taxable disposition of the Senior Secured Notes would be recharacterized as ordinary income. U.S. Holders of Senior Secured Notes should consult their tax advisors regarding the tax consequences of the Senior Secured Notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the Senior Secured Notes will not be treated as contingent payment debt instruments.

Payments of Stated Interest

Stated interest on a Senior Secured Note will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for U.S. federal income tax purposes. Stated interest paid by the Issuer on the Senior Secured Notes generally constitutes income from sources outside the United States. The amount of stated income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange, retirement or other taxable disposition of a Senior Secured Note), based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. A U.S. Holder generally will not realize exchange gain or loss on the interest payment but may realize exchange gain or loss when the holder disposes of any euros he receives (as discussed below under "*Exchange Gain or Loss with Respect to Foreign Currency*").

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in euros in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (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, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and will be irrevocable without the consent of the IRS.

Upon an accrual basis U.S. Holder's receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange, retirement or other taxable disposition of a Senior Secured Note) denominated in euros, the U.S. Holder may recognize exchange gain or loss (taxable as ordinary income or loss and generally U.S. source) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

In the event that Additional Amounts are paid in respect of withholding or deductions for taxes imposed on payments on the Senior Secured Notes (as described under "*Description of the Senior Secured Notes—Payment of Additional Amounts*"), such Additional Amounts will be taxable to U.S. Holders as ordinary income at the time the amounts accrue or are received, in accordance with such holder's regular method of accounting for U.S. federal income tax purposes. The amount taxable to such holder will also include all taxes withheld or deducted in respect thereof. As a result, U.S. Holders may be required to report income in an amount greater than the cash they receive in respect of payments on the Senior Secured Notes.

You may be entitled to deduct or credit foreign taxes imposed on interest income (including additional amounts), subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your other applicable foreign taxes for a particular tax year). Interest income (including any additional amounts) on a Senior Secured Note 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 Senior Secured 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 and this paragraph discusses those rules only at a high level of generality. 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 the Senior Secured Notes

A U.S. Holder will generally recognize gain or loss on the sale, exchange, retirement or other taxable disposition of a Senior Secured Note equal to the difference between the amount realized on the sale, exchange, retirement or other taxable disposition (not including any amounts that are attributable to accrued but unpaid interest, which will be taxable as described above under "*Payments of Interest*") and the U.S. Holder's adjusted tax basis in the Senior Secured Note. A U.S. Holder's adjusted tax basis in a Senior Secured Note will generally be its U.S. dollar cost (as defined below) reduced by the amount of any principal paid on the Senior Secured Note. The U.S. dollar cost of a Senior Secured Note purchased with euros will be the U.S. dollar value of the euros paid for the Senior Secured Note determined at the spot rate on the Closing Date of the initial offering. The amount realized on a sale, exchange, retirement or other taxable disposition for an amount in euros will be the U.S. dollar value of this amount based on the spot rate on the date of the sale, exchange, retirement or other taxable disposition (or, in the case of a cash basis or electing accrual method taxpayer, the settlement date of the sale, exchange, retirement or other taxable disposition, if the Senior Secured Notes are traded on an established securities market for U.S. federal income tax purposes). The election described in this paragraph must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Gain or loss on a disposition of a Senior Secured Note generally will be U.S. source capital gain or loss. Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Senior Secured Note for more than one year at the time of disposition. A non-corporate U.S. Holder generally will be eligible for reduced rates of taxation on any long-term capital gain recognized. Deductions for capital losses are subject to limitations.

A portion of your gain or loss with respect to the principal amount of a Senior Secured Note may be treated as exchange gain or loss. Such 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 Senior Secured Note is your purchase price for the Senior Secured Note calculated in euro on the date of purchase, and the amount of exchange gain or loss 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 taxable disposition of the Senior Secured Note and (ii) the U.S. dollar value of the principal amount on the date the U.S. Holder purchased the Senior Secured Note (or, possibly, in the case of a cash basis or electing accrual basis taxpayer, the settlement dates of such purchase and taxable disposition, if the Senior Secured Note is treated as traded on an established securities market for U.S. federal income tax purposes). Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realized only to the extent of total gain or loss realized on the sale, exchange, retirement or other taxable disposition.

Exchange Gain or Loss with Respect to Foreign Currency

The tax basis of a U.S. Holder in euro received as interest on a Senior Secured Note will be the U.S. dollar value thereof at the spot rate in effect on the date the euro are received. Upon the sale, exchange, retirement or other taxable disposition of a Senior Secured Note, if the Senior Secured Notes are traded on an established securities market, a cash basis taxpayer (or, upon election described under "Sale, Exchange, Retirement or Other Taxable Disposition of the Senior Secured Notes", an accrual basis taxpayer) will have a basis in the euro received equal to the U.S. dollar value thereof at the spot rate in effect on the settlement date of such sale, exchange, retirement or disposition (that is, the same date that the euro are valued for purposes of determining the amount realized on the Senior Secured Note). In all other cases, since the amount realized is based on the spot rate in effect on the date of the sale, exchange or retirement of the Senior Secured Note (including the trade date if the Senior Secured Notes are traded on an established securities market), (i) the taxpayer will realize foreign exchange gain or loss to the extent the U.S. dollar value of the euro received (based on the spot rate in effect on the date of receipt) differs from the U.S. dollar value of the euro on the date of the sale, exchange, or retirement of the Senior Secured Note, and (ii) the taxpayer's basis in the euro received will equal the U.S. dollar value of the euro, based on the spot rate in effect on the date of receipt. Any gain or loss recognized by you on a sale, exchange or other disposition of the foreign currency will be ordinary income or loss and generally will be U.S. source gain or loss.

In certain circumstances, U.S. Treasury Regulations require foreign exchange losses in excess of a threshold amount to be reported to the IRS. U.S. Holders should consult their tax advisors to determine the tax return obligations, if any, with respect to an investment in the Senior Secured Note, including any requirement to file IRS Form 8886.

Backup Withholding and Information Reporting

In general, payments of principal, interest on, and the proceeds of a sale or other disposition of Senior Secured Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable information reporting requirements. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with the applicable backup withholding rules. Certain U.S. Holders that provide an appropriate certification or otherwise qualify for exemption are not subject to backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment made to a holder generally may be claimed as a credit against such holder's U.S. federal income tax liability provided the appropriate information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Individuals that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file information reports with respect to such assets with their U.S. federal income tax returns. Depending on the individual's circumstances, higher threshold amounts may apply. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by U.S. financial institutions: (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in non-U.S. entities. The Senior Secured Notes may be treated as specified foreign financial assets. You may be subject to this information reporting regime and required to file IRS Form 8938 listing these assets with your U.S. federal income tax return. Failure to file information reports may subject you to penalties. You are urged to consult your own tax advisor regarding your obligations to file information reports with respect to the Senior Secured Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement (the "Purchase Agreement") dated as of July 25, 2013, the Issuer agreed to sell to Credit Suisse Securities (Europe) Limited, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Goldman Sachs International, Morgan Stanley & Co. International plc, Natixis and Société Générale, and each initial purchaser has agreed, severally and not jointly, to purchase the Senior Secured Notes from the Issuer. Sales may be made through affiliates of the initial purchasers.

The Purchase Agreement provides that the obligations of the initial purchasers to pay for and accept delivery of the Senior Secured Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The initial purchasers propose to offer the Senior Secured Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Senior Secured Notes may from time to time be varied by the initial purchasers without notice.

Persons who purchase Senior Secured 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 Purchase Agreement provides that we will indemnify and hold harmless the initial purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the initial purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any securities of, or guaranteed by, the Issuer, Picard Bondco or any of its subsidiaries that are substantially similar to the Senior Secured Notes (other than any of the Senior Secured Notes) during the period from the date of the Purchase Agreement through and including the date six months after the date of the Purchase Agreement, without the prior written consent of Credit Suisse Securities (Europe) Limited, as representative of the initial purchasers.

The Senior Secured Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Senior Secured Notes are restricted as described under "*Transfer Restrictions*".

Each initial purchaser has represented, warranted and agreed that 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 Senior Secured Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or any Guarantor; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Secured Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the initial purchasers that would permit a public offering of the Senior Secured Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Senior Secured Notes in any jurisdiction where action for this purpose is required. Accordingly, the Senior Secured 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 Senior Secured 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, the distribution of this offering memorandum and resale of the Senior Secured Notes. See "*Notice to Investors*".

The Senior Secured Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agent, to list the Senior Secured Notes on the Official List of the Irish Stock Exchange and to have the Senior Secured Notes admitted to trading on the Global Exchange Market thereof, however, we cannot assure you that the Senior Secured Notes will be approved for listing or that such listing will be maintained.

The initial purchasers have advised us that they intend to make a market in the Senior Secured Notes after completing the Offering. The initial purchasers are not obligated, however, to make a market in the Senior Secured Notes, and any market-making activity may be discontinued at any time at the sole discretion of the initial purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Senior Secured Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Senior Secured Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to our Indebtedness and the Senior Secured Notes—There may not be an active trading market for the Senior Secured Notes in which case your ability to sell the Senior Secured Notes will be limited*".

In connection with the Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Senior Secured Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Senior Secured Notes in the open markets to stabilize the price of the Senior Secured Notes. The Stabilizing Manager, or persons acting on its behalf, may also over-allot the Offering, creating a syndicate short position, and may bid for and purchase Senior Secured Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Senior Secured Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Senior Secured Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Senior Secured Notes. See "*Risk Factors—Risks Related to our Indebtedness and the Senior Secured Notes—There may not be an active trading market for the Senior Secured Notes in which case your ability to sell the Senior Secured Notes will be limited*".

The initial purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act.

Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant initial purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Senior Secured Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the initial purchasers to reclaim a selling concession from a broker or dealer when the Senior Secured Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

In connection with the Offering, the Stabilizing Manager (or persons acting on its behalf), may over-allot Senior Secured Notes (provided that the aggregate principal amount of Senior Secured Notes allotted does not exceed 105% of the aggregate principal amount of the Senior Secured Notes that are the subject of the Offering) or effect transactions with a view to supporting the market price of the Senior Secured Notes at a level higher than that which might otherwise prevail. Notwithstanding, there is no assurance that the Stabilizing Manager (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the Offering is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the Issuer received the proceeds of the Offering or 60 days after the date of the allotment of the Senior Secured Notes, whichever is the earlier.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Senior Secured Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

The initial purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to the Issuer and its affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. In addition, each of the initial purchasers or their affiliates are acting as lead arrangers and as lenders under the Revolving Credit Facility and will receive customary fees for their services in such capacities, and affiliates of each of the initial purchasers were lenders under the Existing Senior Facilities Agreement. An affiliate of Morgan Stanley & Co. International plc was a counterparty to certain hedging arrangements in connection with our Existing Senior Facilities Agreement. Crédit Agricole Corporate and Investment Bank was the agent under our Existing Senior Facilities Agreement.

LEGAL MATTERS

Certain legal matters in connection with the Offering have been passed upon for us by Cravath, Swaine & Moore LLP, as to matters of United States Federal and New York law, SJ Berwin AARPI, as to matters of French law, SJ Berwin Luxembourg, as to matters of Luxembourg law and SJ Berwin Italia, as to matters of Italian law. Certain legal matters in connection with the Offering have been passed upon for the initial purchasers by Kirkland & Ellis International LLP, as to matters of United States Federal and New York law and Linklaters LLP, as to matters of French, Luxembourg and Italian law.

INDEPENDENT AUDITORS

The consolidated financial statements of Picard Bondco as of and for the period from August 9, 2010 to March 31, 2011 and the years ended March 31, 2012 and 2013, each included in this offering memorandum, have been audited by PricewaterhouseCoopers, *Société coopérative*, independent auditors (*réviseur d'entreprises agréé*), as stated in their reports appearing herein.

PricewaterhouseCoopers, *Société coopérative*, are members of the Luxembourg *Institut des réviseurs d'Entreprises.*

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer of the Senior Secured Notes is organized under the laws of France. The Guarantors for the Senior Secured Notes are organized under the laws of Luxembourg and France. Each of the documents relating to the Collateral for the Senior Secured Notes will be governed by the laws of France, Luxembourg or Italy, as applicable. The Indenture (including the Guarantees) and the Senior Secured Notes will be governed by New York law. The Intercreditor Agreement will be governed by English law. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Senior Secured Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. Federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Senior Secured Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

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

France

Our French counsel has advised us that the United States and France are not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. Federal or state court based on civil liability, whether or not predicated solely upon U.S. Federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in France. A party in whose favor such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*). Enforcement in France of such U.S. judgment could be obtained following proper (*i.e., non-ex parte*) proceedings if the civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French court of the merits of the foreign judgment):

- such U.S. judgment is enforceable in the U.S.;
- such U.S. judgment was rendered by a court having jurisdiction over the matter in accordance with French rules of international conflicts of jurisdiction (including, without limitation, whether the dispute is clearly connected to the U.S.) and the French courts did not have exclusive jurisdiction over the matter;
- the court that rendered such judgment has applied a law which would have been considered appropriate under French rules of international conflicts of laws;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case;
- such U.S. judgment is not tainted with fraud; and
- such U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French law No. 68-678 of July 26, 1968, as modified by French laws No. 80-538 of July 16, 1980 and Order No. 2000-916 of September 19, 2000 (relating to communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action.

We have been advised by our French counsel that if an original action is brought in France, French courts may refuse to apply the designated law if its application contravenes French public policy. In an action brought in France on the basis of U.S. Federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

Our French counsel has also advised us that according to articles 14 and 15 of the French Civil Code, in the event that a party brings an action outside France against a French national (either a company or an individual), the latter may refuse to be brought before non-French courts and require the complainant to bring his action in France; in addition, a French national may decide to bring an action before the French courts, regardless of the nationality of the defendant. The French national may waive its rights to refuse to be brought before a non-French court or to bring an action before a French court against a non-French defendant.

The French Supreme Court (*Cour de Cassation*) has recently held that a contractual provision whereby one party agrees to the exclusive jurisdiction of a court and giving another party the discretionary option to choose any competent jurisdiction was invalid on the ground that it was discretionary (*potestative*). Accordingly, any provisions to the same effect in any relevant documents would not be binding over the party having agreed to the exclusive jurisdiction of a court.

Luxembourg

We have been advised by our Luxembourg counsel that a valid judgment against the Issuer of Luxembourg nationality with respect to the Senior Secured Notes obtained from a court of competent jurisdiction in the United States, which judgment remains in full force and effect after all appeals as may be taken in the relevant state or Federal jurisdiction with respect thereto have been taken, may be entered and enforced through a court of competent jurisdiction of Luxembourg subject to compliance with the specific execution procedures (*exequatur*) set out in Article 678 et seq. of the Luxembourg *Nouveau Code de Procédure Civile* being:

- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under its applicable laws and territorial rules, and such jurisdiction is recognized by Luxembourg international private law conflict of jurisdiction rules;
- the judgment is final and enforceable (*exécutoire*) in the jurisdiction where the decision is rendered;
- the U.S. court has applied the substantive law as designated by the Luxembourg conflict of laws rules or, at least, the order must not contravene the principles underlying those rules. Based on recent case law and legal doctrine, it is not certain that this condition would still be required for an exequatur to be granted by a Luxembourg court;
- the U.S. court has acted in accordance with its own procedural laws;
- the judgment must not have been obtained by fraud and must have been granted in compliance with the rights of the defendant and in compliance with its own procedural laws;
- the judgment does not contravene Luxembourg international public policy rules as understood under the laws of Luxembourg or has been given in proceedings of a criminal or tax nature or rendered subsequent to a violation of Luxembourg law (*fraude à la loi*). It cannot be excluded that awards of damages made under civil liabilities provisions of the U.S. federal securities laws, or other laws, which are classified by Luxembourg courts as being of a penal or punitive nature (for example, fines or punitive damages), would not be recognized by Luxembourg courts. Ordinarily an award of monetary damages would not be considered as a penalty, but if

the monetary damages include punitive damages, such punitive damages may be considered as a penalty.

We have also been advised by our Luxembourg counsel that if an original action is brought in Luxembourg, Luxembourg courts may refuse to apply the designated law amongst others and notably if its application contravenes Luxembourg public policy. In an action brought in Luxembourg on the basis of U.S. Federal or state securities laws, Luxembourg courts may not have the requisite power to grant the remedies sought.

LISTING AND GENERAL INFORMATION

1. Listing Information

Application has been made for the Senior Secured Notes to be admitted to the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market thereof. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Senior Secured Notes and is not itself seeking admission of the Senior Secured Notes to trading on the Global Exchange Market of the Irish Stock Exchange.

For so long as the Senior Secured Notes are listed on the Global Exchange Market and the rules of the Irish Stock Exchange so require, physical copies of the following documents may be inspected and obtained at the registered office of the Principal Paying Agent in London during normal business hours on any business day:

- the organizational documents of the Issuer and each of the Guarantors;
- the most recent audited consolidated annual financial statements and any interim financial statements of Picard Bondco;
- the Indenture (which includes the Guarantees and the form of the Senior Secured Notes);
- the Revolving Credit Facility;
- the Intercreditor Agreement; and
- other material agreements described in this offering memorandum as to which we specify that copies thereof will be made available.

2. Litigation

Except as disclosed herein, the Issuer has not, during the previous 12 months been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware), which have had in the recent past, or may have, a significant effect on the Issuer's financial position and profitability.

3. No Material Adverse Change

Except as disclosed in this offering memorandum, there has been no material adverse change in the prospects of the Issuer since March 31, 2013 and there has been no significant change in the financial or trading position of the Issuer or the Group since June 30, 2013.

4. Clearing Information

The Senior Secured Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Clearstream, Luxembourg and Euroclear under common codes 095613926 and 095613942, respectively. The international securities identification number ("ISIN") for the Senior Secured Notes sold pursuant to Regulation S is XS0956139264 and the ISIN for the Senior Secured Notes sold pursuant to Rule 144A is XS0956139421.

5. Legal Information

The Issuer is a *société par actions simplifiée* incorporated under the laws of France. The Issuer was incorporated in France on July 23, 2010 and is registered with the *registre du commerce et des sociétés de Melun* under the registration number 523 999 878 RCS Melun. The registered office of the Issuer is 37 bis, rue Royale—77300 Fontainebleau. The Issuer's telephone number is +33 (0)1 41 09 66 45, and the business address of the chairman and senior management of the Issuer is 19 place de la Résistance, 92446 Issy les Moulineaux cedex, France.

The Issuer is a holding company with no operations of its own.

The Issuer's fiscal year ends on March 31.

We estimate the expenses relating to admission of the Senior Secured Notes to trading on the Irish Stock Exchange to be approximately €4,940.

6. Consents

The creation and issuance of the Senior Secured Notes has been authorized by resolutions of the Sole Shareholder of the Issuer dated July 19, 2013.

7. Statement

Each of the Issuer and the Guarantors 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, the information contained in this offering memorandum is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum. Information relating to each of the Guarantors was provided by the respective Guarantor.

8. Guarantors

The companies that are Guarantors have the following corporate information:

(a) Lion/Polaris Lux 3 S.A. is a *société anonyme* formed under the laws of Luxembourg on 9 August 2010, and is registered with the Luxembourg Register of Commerce and Companies under number B-154-902. The registered office of Lion/Polaris Lux 3 S.A. is 13-15, avenue de la Liberté, L-1931 Luxembourg;

(b) Lion/Polaris Lux 4 S.A. is a *société anonyme* formed under the laws of Luxembourg on 9 August 2010, and is registered with the Luxembourg Register of Commerce and Companies under the number B-154-903. The registered office of Lion/Polaris Lux 4 S.A. is 73, Côte d'Eich, L-1450 Luxembourg;

(c) Lion Polaris II S.A.S. is a *société par actions simplifiée* formed under the laws of France on July 30, 2010, and is registered with the *registre du commerce et des sociétés de Melun* under the number 524 290 178 RCS Melun. The registered office of Lion Polaris II S.A.S. is located at 37 bis, rue Royale—77300 Fontainebleau;

(d) Picard Surgelés S.A.S. is a *société par actions simplifiée* formed under the laws of France on January 26, 1977, and is registered with the *registre du commerce et des sociétés de Melun* under the number 784 939 688 RCS Melun. The registered office of Picard Surgelés S.A.S. is 37 bis, rue Royale—77300 Fontainebleau. Picard Surgelés S.A.S. represented approximately 102.2% (€192.5 million) of the Picard Group's consolidated EBITDA and approximately 118.6% (€980 million) of the Picard Group's consolidated net assets as of and for the year ended March 31, 2013. Picard Surgelés S.A.S.'s core business is the retail of frozen food products in France; and

(e) Picard Bondco S.A. is a *société anonyme* formed under the laws of Luxembourg on August 9, 2010, and is registered with the Luxembourg Trade and Companies Register under number B 154 899. The registered office of Picard Bondco S.A. is located at 73, Côte d'Eich, L-1450 Luxembourg.

9. Unaudited Supplemental Information on the Guarantors

The Senior Secured Notes are guaranteed on a senior basis by all of the Guarantors except Picard Bondco, which has provided a Guarantee on a subordinated basis. The Guarantees are joint and several as well as full and unconditional, provided that such Guarantees may be limited by contractual and legal obligations under applicable local law. Each of the Guarantors (except Picard Bondco) is a direct or indirect wholly-owned subsidiary of Picard Bondco. The consolidated accounts of the Picard Group include both guarantor and non-guarantor companies. The following table sets forth the EBITDA and net asset figures of the Issuer, the Guarantors and the entities that are part of the consolidated Picard Group and are not Guarantors (in absolute terms and expressed as a percentage of (i) our consolidated EBITDA for the year ended March 31, 2013 and (ii) our consolidated net assets as of March 31, 2013. This table should be read in conjunction with "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and the financial statements and related notes thereto included elsewhere in this offering memorandum. The consolidated figures presented in the table below are based on the audited consolidated financial statements of the Picard Group as of and for the year ended March 31, 2013.

	As of and for the year ended March 31, 2013 (€ millions)							
	Issuer		Guarantors		Non-Guarantors		Totals	
	€	%(5)	€	%(5)	€	%(5)	€	%
EBITDA	(7.2)	(3.8)	192.1	102	3.4	1.8	188.3	100
Net assets	(253)	(30.7)	1095	132.6	(16)	(1.9)	826	100

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Picard Bondco S.A

Consolidated Financial Statements

For the year ended March 31, 2013

Audit report

To the Shareholder of
Picard Bondco S.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Picard Bondco S.A., which comprise the consolidated statement of financial position as at March 31, 2013, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility 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 as 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 about 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 judgment of the "Réviseur d'entreprises agréé" 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Picard Bondco S.A. as of March 31, 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative, 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg
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Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, June 12, 2013

Pascal Rakovsky

Picard Bondco S.A

Consolidated Income Statement

(In thousand of €)	Notes	March 31, 2013	March 31, 2012
Sales of goods	***6***	1,348,980	1,298,162
Cost of goods sold		(764,064)	(738,605)
Gross profit		**584,916**	**559,557**
Other operating income	***7.1***	2,894	5,583
Other purchase and external expenses		(220,721)	(203,544)
Taxes		(16,401)	(17,254)
Personal expenses	***7.3***	(158,121)	(152,746)
Depreciation, amortization and provisions allowances		(29,041)	(30,454)
Other operating expenses	***7.2***	(4,270)	(3,597)
Operating profit		**159,256**	**157,545**
Finance costs	***7.4***	(64,730)	(66,378)
Finance income	***7.4***	1,921	1,663
Share of profit in an associate	***8***	218	831
Income before tax		**96,665**	**93,661**
Income tax expense	***9***	(29,889)	(19,971)
Net income		**66,776**	**73,690**
Attributable to:			
Equity holders of the parent		66,775	73,690
Non-controlling interests		1	—
Earnings per share:			
Basic earnings per share (*in euros*)	***19***	25.27	27.89
Fully diluted earnings per share (*in euros*)	***19***	25.27	27.89

Note that Consolidated Income statement as at March 31, 2012 has been restated considering the new classification of loss and gift of goods, on the one hand, and discount granted under cooperation agreements, on the other hand, under “Cost of Goods sold” (see § 2.2. e.).

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A

Consolidated Statement of Comprehensive Income

(In thousand of €)	Notes	March 31, 2013	March 31, 2012
Net income		**66,776**	**73,690**
Net gain / (loss) on cash flow hedges	***12.3***	2,297	(15,237)
Income tax		(791)	5,246
		1,506	(9,991)
Actuarial gains / (loss) of the period	***21***	316	(664)
Income tax		(109)	229
		207	(435)
Foreign currency translation		57	—
Other comprehensive income / (loss) for the period, net of tax		*1,770*	*(10,425)*
Comprehensive income		**68,547**	**63,265**
Attributable to:			
Equity holders of the parent		68,546	63,265
Non-controlling interests		1	—

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A

Consolidated Statement of Financial Position

(In thousand of €)	Notes	As at March 31, 2013	As at March 31, 2012
Assets			
Goodwill	***13***	815,170	815,170
Property, plant and equipment	***11***	227,590	217,707
Other intangible assets	***10***	840,569	837,764
Investment in an associate	***8***	9,305	9,277
Other non-current financial assets*	***12.1***	20,860	19,662
Deferred tax asset	***9***	5,193	19,849
Total non-current assets		**1,918,687**	**1,919,429**
Inventories	***14***	76,695	80,296
Trade and other receivables	***15***	35,294	36,194
Cash and cash equivalents	***16***	119,353	150,502
Total current assets		**231,342**	**266,992**
Total assets		**2,150,029**	**2,186,420**
Equity and liabilities			
Issued capital	***17***	2,642	2,642
Share premium	***17***	265,761	265,761
MRPS	***17***	381,740	381,740
Other comprehensive income		(67)	(2,274)
Retained earnings		108,689	34,669
Net income of the period		66,775	73,690
Equity attributable to equity holders of the parent		**825,542**	**756,228**
Non-controlling interests		131	—
Total equity		**825,673**	**756,228**
Non-current liabilities			
Interest-bearing loans and borrowings	***12.2***	738,298	852,166
Other non current financial liabilities		78	4,291
Provisions	***20***	6,610	6,501
Employee benefit liability	***21***	4,323	4,284
Deferred tax liability	***9***	312,145	313,426
Total non-current liabilities		**1,061,455**	**1,180,668**
Current liabilities			
Trade and other payables	***23***	207,246	206,027
Interest-bearing loans and borrowings	***12.2***	53,389	43,496
Other current financial liabilities	***12.3***	2,267	—
Provisions		—	—
Total current liabilities		**262,902**	**249,523**
Total liabilities		**1,324,357**	**1,430,191**
Total equity and liabilities		**2,150,029**	**2,186,420**

* *Note that the loan between Lion Polaris Lux 4 S.A and Lion Polaris Lux 1 S.à.r.l. and Picard PickCo S.à.r.l. has been reclassified for respectively K€ 8,000 and K€ 511 from other current financial assets to other non-current financial assets as of March 31, 2012.*

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A

Consolidated Statement of Changes in Equity

In thousand of €	Issued capital	Share premium	MRPS	Cash flow hedge reserve	Actuarial gain / (losses)	Share Based payment	Foreign currency translation	Total other comprehensive income	Retained earnings	Net income	Equity attributable to equity holders of the parent	Non-controlling interest	Total Equity
As at March 31, 2011	**2,642**	**265,761**	**381,740**	**7,177**	**155**	**488**	**—**	**7,820**	**—**	**34,026**	**691,988**	**—**	**691,988**
Net income attribution	—	—	—	—	(155	(488	—	(643	34,669	(34,026	—	—	—
Net income for the period	—	—	—	—	—	—	—	—	—	73,690	73,690	—	73,690
Other comprehensive income	—	—	—	(9,991	(435	—	—	(10,426	—		(10,426		(10,426
Total comprehensive income	—	—	—	(9,991	(435	—	—	(10,426	—	73,690	63,264	—	63,264
Share based payment transactions	—	—	—	—	—	976	—	976	—	—	976	—	976
As at March 31, 2012	**2,642**	**265,761**	**381,740**	**(2,814**	**(435**	**976**	**—**	**(2,274**	**34,669**	**73,690**	**756,228**	**—**	**756,228**
Net income attribution	—	—	—	—	435	(976		(541	74,231	(73,690	—	—	—
Net income for the period	—	—	—	—	—	—		—	—	66,776	66,775	1	66,776
Other comprehensive income	—	—	—	1,506	207	976	57	2,747	—	—	2,747	—	2,747
Total comprehensive income	—	—	—	1,506	207	976	57	2,747	—	66,776	69,524	1	69,526
Share based payment transactions	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition	—	—	—	—	—	—	—	—	(212	—	(212	(125	(337

In thousand of €	**Issued capital**	**Share premium**	**MRPS**	**Cash flow hedge reserve**	**Actuarial gain / (losses)**	**Share Based payment**	**Foreign currency translation**	**Total other comprehensiv e income**	**Retained earnings**	**Net income**	**Equity attributable t o equity holders of the parent**	**Non-controlling interest**	**Total Equit y**
of non controllin g interests*													
Non controllin g interest arising from perimeter entry	—	—	—	—	—	—	—	—	—	—	—	255	255
As at March 3 1, 2013	**2,642**	**265,761**	**381,740**	**(1,308**	**207**	**976**	**57**	**(67**	**108,689**	**66,776**	**825,542**	**131**	**825,673**

* *Picard Group acquired the non-controlling interests of Picard België, or 25% of the equity interest. The purchase price amounted € 338 thousand, on February 18, 2013. This transaction was accounted for as an equity transaction. As a result, the difference between the carrying amount of the non-controlling interests acquired and the consideration paid was recognized directly as a decrease of the Group shareholders' equity for € 212 thousand.*

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A

Consolidated Statement of Cash Flows

In thousand of €	Notes	March 31, 2013	March 31, 2012
Operating activities			
Operating profit		159,256	157,545
Depreciation and impairment of property, plant and equipment		26,102	28,422
Amortisation and impairment of intangible assets		2,939	2,032
Share-based transaction expense	***7.3***	976	976
(Gain) / loss on disposal of property, plant and equipement		1,106	(991)
Other non cash operating items		(443)	630
Movements in provisions and pensions		122	1,061
Interest received		1,344	3,775
Dividends received from associate	***8***	190	201
Income tax paid		(14,442)	(5,221)
Operating cash flows before change in working capital requirements		*177,150*	*188,430*
Change in Inventories		3,601	873
Change in trade and other receivables and prepayments		900	(973)
Change in trade and other payables		(873)	(5,934)
Net cash flows from operating activities		**180,778**	**182,396**
Investing activities			
Proceeds from sale of property, plant and equipment		289	12,138
Purchase of property, plant and equipment		(37,354)	(33,139)
Purchase of intangible assets		(5,750)	(7,347)
Acquisition of subsidiaries, net of cash acquired	***4***	—	
Purchase of financial instruments		(580)	(513)
Proceeds from sale of financial instruments		—	—
Net cash used in investing activities		**(43,395)**	**(28,861)**
Financing activities			
Payment of finance lease liabilities		(498)	(4,525)
Proceeds from borrowings		—	—
Repayment of borrowings	***12.2***	(110,494)	(17,805)
Interest paid	***12.2***	(57,712)	(75,143)
Acquisition of non-controlling interets		(338)	
Contribution received from minority shareholders		258	—
Dividends paid to equity holder of the parent			—
Net cash flows from/(used in) financing activities		**(168,784)**	**(97,473)**
Net increase / (decrease) in cash and cash equivalents		(31,401)	56,062
Cash and cash equivalents at begining of the period	***16***	136,294	80,232
Cash and cash equivalents at 31 March	***16***	**104,893**	**136,294**

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A

Notes to the Consolidated Financial Statements

1. Corporate information

Picard Bondco S.A (previously named Lion Polaris Lux 2 S.A.) is a limited company, which was incorporated on August 9, 2010 and is domiciled in Luxembourg. On October 1, 2011, the registred office has changed from L-1931 Luxembourg, 13-15, avenue de la Liberté to L-1450 Luxembourg, 73, Côte d'Eich.

Picard Bondco S.A is an affiliate (fully controlled) of Lion Polaris Lux 1 S.àr.l.

Picard Bondco S.A was incorporated for the purpose of acquiring Picard Groupe S.A.S ("Picard Group"), the leader in the frozen food production and distribution business in France. The acquisition was completed on October 14, 2010.

Picard Bondco S.A ("the Company") and its subsidiaries (together "the Group") operate in the frozen food production and distribution business, mainly in France. The Group financial year ends on March 31st.

On June 12, 2013, the Board authorized for issue the consolidated financial statements for the year ended March 31, 2013 that will be submitted for approval to Picard Bondco's shareholders.

2. Accounting principles

2.1 Basis of preparation

The consolidated financial statements cover the period from April 1, 2012 to March 31, 2013. The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and as adopted by the European Union and effective for financial years beginning on or after April 1, 2012.

IFRS as adopted by the European Union can be consulted on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.1.1 New accounting standards and interpretations in effect starting from April 1, 2012

Since April 1, 2012, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union

- Amendment to IFRS 7 "*Transfers of Financial Assets*" increases the required disclosures on the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, but its application had no effect on the Group's financial statements.

2.1.2 New accounting standards and interpretations with effect in future periods

The Group did not early adopt any new or amended IFRS standards or interpretation, adopted by the European Union, but that are effective for annual periods beginning after April 1, 2012. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

- Amendment to IAS 1—'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

- IAS 19 was revised in June 2011 and is effective from 1st January 2013 and changed its basis for determining the income or expense related to defined benefit plans. As a result of the adoption of this standard, the main changes are:
  - Immediate recognition of actuarial gains and losses for defined benefit plans in other comprehensive income (OCI). This change is with no effect on the Group's account who already recognize the actuarial gains and losses through OCI;
  - Determination of the interest income on plan assets by applying the discount rate used to measure the defined benefit obligation, when such interest income was previously based on the long-term rate of expected return on assets. In the absence of assets, this change has no impact on the Group's accounts.
  - Immediate recognition in profit or loss of the past service cost as a result of plan amendments, when such cost was previously recognized on a straight-line basis over the remaining vesting period. In the absence of plan amendments, this change has no impact on the Group's accounts.
- IFRS 10 "Consolidated Financial Statements" provides a single consolidation model that identifies control as the basis for consolidation for all types of entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidation—Special Purpose Entities".
- IFRS 11 "Joint Arrangements" provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities that meet definition of a joint venture.
- IFRS 12 "Disclosures of Interests in Other Entities" combines, enhances and replaces the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities.

  The application of IFRS 10, 11 and 12 is compulsory for fiscal years starting on January 1st, 2014 with earlier application permitted and would not have any significant impact on the Group's financial performance. In addition, following the issuance of IFRS 10, IFRS 11, and IFRS 12, IAS 27 and IAS 28 have been revised as follows:
  - IAS 27 "Separate Financial Statements" now only includes requirements for separate financial statements and is thus no longer applicable to Picard Group, and
  - IAS 28 "Investments in Associates and Joint Ventures" prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.
- IFRS 13 "Fair Value Measurement" defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. IFRS 13 is applicable for fiscal years starting on January 1st, 2013.
- Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities" clarifies the requirement for offsetting financial instruments and is applicable for fiscal years starting on January 1st, 2014.
- Amendment to IFRS 7 "Disclosures—Offsetting Financial Assets and Financial Liabilities" clarifies the disclosure of condensed interim financial statements and is applicable for fiscal year starting on January 1st, 2013.

The Group did not apply any new or amended IFRS, which has not been adopted by the European Union:

- IFRS 9 "Financial Instruments"
- Amendment to IFRS 9 and IFRS 7 "Mandatory Effective Date and Transition Disclosures"
- Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance"
- Amendments to IFRS 10, IAS 27 and IFRS 12: Investment Entities

Basis of consolidation

The Consolidated Financial Statements of the Group comprise the financial statements of the Company and its subsidiaries as at March 31, 2013.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated.

Entities over which the Group has a significant influence are accounted for using the equity method.

2.2 Summary of significant accounting policies

a. Foreign currency translation

The consolidated financial statements are presented in euros (€), which is the company's functional and the Group's presentation currency.

b. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

For each business combination, the non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Under the definition of IAS 36, the Group identified cash-generating units, and group of cash-generating units, which are defined in Note 2.2.o.

c. Investment in associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The share of profit of associates is shown on the face of the income statement on the line "Share of profit in associate". This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the parent company and using the same accounting policies. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on purchase of the goods by the customer.

The Group operates a chain of retail outlets for selling their products. Sales of goods are recognized when an entity sells a product to the customer. Retail sales are usually in cash or by credit card.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

e. Operating expenses & other purchases and external expenses

The Group benefits from some tax credits generated by its activity. Such tax credits are deemed to be equivalent to grants related to income and are thus deducted from related expenses.

In order to align the presentation of the Consolidated Income Statement with industry best practices, the Group decided to reclassify:

- the loss and gift of goods expense of K€ 3,581 as of March 31, 2013 and
- the discount granted under corporation agreements credit of k€-1,221 as of March 31, 2013,

under the "Cost of Goods sold" line item.

Consolidated Income Statement as at March 31, 2012 has been consequently restated : the "loss and gift of goods" of K€ 4,599 and the "discount granted under corporation agreements" of K€ -3,764 that were previously classified under other "Operating expenses" and "Other purchase and external expenses" respectively have been reclassified under Cost of goods sold. Hence this reclassification has no impact on Operating profit.

f. Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except specific conditions (initial recognition of an asset or liability in a transaction that is not a business combination that affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Business Contribution on Value Added

In accordance with the implementation of IAS 12, the CVAE having been identified as an income tax, deferred taxes relating to temporary differences have been recorded. As of March 31, 2012 and March 31, 2013, the CVAE is shown and accounted for on the 'Income tax' line.

g. Pensions and other post employment benefits

The Group operates two defined benefit pension schemes, as detailed in Note 21. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds, as explained in Note 21).

The defined benefit expense is recognized through operating income (under pension costs) for the service cost component of the expense and through financial income (under interest costs of employee benefits) for the interest cost component.

h. Share based payment transactions

Some employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in Note 22.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

i. Financial liabilities – initial recognition and subsequent measurement

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition. The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss. Financial liabilities within the scope of IAS 39 are classified as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.

j. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, those derivatives that respect criteria of hedge effectiveness are classified as cash flow hedges.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the income statement over the remaining term to maturity. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in the income statement. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement.

As at March 31, 2013, the Group doesn't have any fair value hedging derivatives.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Refer to Note 12 for more details about interest rate swap contracts as at March 31, 2013 (hedges of the Group's exposure to interest rate risks).

k. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Lands are not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

• Buildings and building improvements	20 years
• Operating equipment	5 to 10 years
• Transportation equipment	4 years
• Computers and hardware	3 to 5 years
• Furniture	10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the line "other operating expenses" when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

l. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement in the line "finance costs".

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

m. Intangible assets

Brand

Trademarks acquired through business combination are not amortized when their useful life is deemed to be indefinite.

Trademarks which are not amortized are tested for impairment annually and each time there is an indication that it may be impaired.

The useful lives of trademarks have been defined according to their strategic position on the market (strong international trademark: indefinite life).

As at March 31, 2013 trademark recognized corresponds to Picard brand.

Leasehold rights

Leasehold rights are constituted by sums paid to the owners of this right (former tenants) at the opening of new stores. Gross values recorded on the Consolidated Statements of financial position stated at cost. Because of the legal protection attached in France to leasehold rights, the Group considered that these intangible assets should not be amortized.

Software

Software acquired by the Company are booked as intangible assets at their original cost. They are depreciated under the straight-line method over a maximal period of 3 years.

Software developed by the Group for its internal use are recorded as intangible assets at their development cost and are depreciated under the straight-line method over a maximal period of 3 years.

n. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined under the weighted average cost method and does not generate a significant difference from the FIFO method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

o. Impairment of non-financial assets

Cash-generating units (CGU)

A cash-generating unit is 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.

The cash-generating unit is defined by Management as the store, with three main groups of cash-generating units, based on geographical implantation in:

- France,
- Italy,
- Other

The “Other” operating segment includes Belgium and Sweden, previously considered as non material and included under the “France” cash generating units.

Impairment analysis

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the groups of cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fourth year.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill and other indefinite useful life intangible assets (trademarks), an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

Goodwill

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets

Other intangible assets with indefinite useful lives (brand and leasehold rights) are tested for impairment annually either individually or at the cash generating unit or group of cash-generating units level, as appropriate and when circumstances indicate that the carrying value may be impaired.

p. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, short-term deposits and highly liquid securities with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, short-term deposits and highly liquid securities as defined above, net of outstanding bank overdrafts.

q. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that can affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and current economic condition. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Further details about assumptions and sensitivity of valuations are disclosed in Note 13.

Employee benefits liabilities

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future withdrawal rates of employees. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables in France. Future salary increases and expected withdrawal rates of employees are based on expectation of management and on past practices over recent years.

Further details about the assumptions used are given in Note 21.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21.

Deferred income tax

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. The assessment of the Group’s ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the Group is significantly different to those expected, the Group will be obliged to increase or decrease the carrying amount of deferred tax assets, with a potentially material impact on the statement of financial position and consolidated income statement of the Group.

4. Financial risk management objectives and policies

The Group’s principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group’s operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group’s senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

It is the Group’s policy that no trading in derivatives for speculative purposes shall be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings (including listed bonds), deposits, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

To manage this risk, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At March 31, 2013, after taking into account the effect of interest rate swaps, the net debt of the Group is at a fixed rate of interest, and there is no material sensitivity to a reasonably possible change in interest rates, after the impact of hedge accounting.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Considering its activity, the Group is not exposed to credit risk from operating activities. Furthermore, the Group is not exposed to material credit risk from its financing activities (deposits with banks and financial institutions and other financial instruments) as investments of surplus funds are made only with approved counterparties.

The Group's policy to manage this risk is to place funds only with banks which have strong credit ratings.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and finance leases. 6.7% of the Group's debt will mature in less than one year at March 31, 2013 based on the carrying value of borrowings reflected in the financial statements.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at the maturity date.

In thousands of € **Year ended 31 March 2013**	**Less than one year**	**1 to 5 years**	**over 5 years**	**Total**
Fixed rate borrowing	(27,375)	(109,575)	(327,375)	(464,325)
Obligations under finance lease	(1,020)	(1,262)	—	(2,282)
Floating rate borrowings	(52,443)	(522,745)	—	(575,188)
Trade and other payables	(207,246)	—	—	(207,246)
Financial derivatives	(3,835)	—	—	(3,835)
	(291,919)	**(633,582)**	**(327,375)**	**(1,252,876)**

5. Significant events of the financial year ended March 31, 2013

Pursuant to our Senior credit agreement, which includes an excess cash flow clause, the Group paid in advance M€ 35.7 in July 2012 (M€ 12.2 of Senior Debt A and M€ 23.5 of Senior Debt B).

In October 2012, the Group voluntary paid in advance M€ 60.0 of Senior Debt B.

The Group did not pay any dividends during the financial year.

The Group incorporated a company in Belgium on February 17, 2012, in order to develop its trade network in Belgium. The Group held 75% of this company. Four stores have been opened since June 2012. On February 18, 2013, Picard Group undirectly acquired the non-controlling interests of Picard België. Picard België is now fully owned undirectly by Picard Group.

The Group incorporated a company in Sweden on March 12, 2012, in order to develop its trade network in Sweden. The Group holds 75% of this company as at March 31, 2013.

6. Operating segment information

For management purposes, the Group is organised into business units based on distribution network. Following the development of the activity of the Group in Belgium and Sweden, the Group has now three reportable operating segments as follows:

- France
- Italy
- Other

The “Other” operating segment includes Belgium, Luxembourg and Sweden, previously considered as non material and included under the “France” operating segment. Comparative operating segment information as at March 31, 2012 has been accordingly restated.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

	As at March 31, 2013				As at March 31, 2012			
In thousand of €	France	Italy	Other	Total	France	Italy	Other	Total
Sales	1,318,477	24,772	5,731	1,348,980	1,276,653	21,509	—	1,298,162
Operating profit	162,412	(1,953)	(1,203)	159,256	159,566	(1,410)	(611)	157,545

7. Other operating income/expenses

7.1. Other operating income

In thousand of €	March 31, 2013	March 31, 2012
Capitalized expenses	912	492
Gain on non-current assets disposed of	290	1,213
Other operating income	1,692	3,878
Total other operating income	**2,894**	**5,583**

7.2. Other operating expenses

In thousand of €	March 31, 2013	March 31, 2012
Royalties	(460)	(484)
Losses on bad debt	(966)	(1,029)
Loss on non-current assets disposed of	(261)	(423)
Other operating expenses	(2,583)	(1,661)
Total other operating expenses	**(4,270)**	**(3,597)**

7.3. Personal expenses

In thousand of €	March 31, 2013	March 31, 2012
Wages and salaries	103,191	98,041
Social security costs	34,300	34,613
Pension costs	319	247
Employee profit sharing	14,589	14,587
Share-based payment transaction expense	976	976
Other employee benefits expenses	4,746	4,282
Total personel expenses	**158,121**	**152,746**

7.4. Finance income and expenses

In thousand of €	March 31, 2013	March 31, 2012
Interest expenses	(64,646)	(66,161)
Interest costs of employee benefits	(32)	(91)
Foreign exchange losses	(4)	(6)
Provision Allowances on other financial assets	(48)	(120)
Other financial expenses		—
Finance costs	**(64,730)**	**(66,378)**
Income on loans and receivables	851	224
Income on short term investment	618	939
Reversal of provisions on other financial assets	28	74
Other financial income	424	426
Finance income	**1,921**	**1,663**

8. Investment in associate

The Group has a 37.21% interest in Primex International SA, which is involved in importation and wholesale of meat and sea food, both fresh and frozen.

Primex International is a private entity incorporated in France that is not listed on any public exchange. The following table illustrates summarised financial information of the Group's investment in Primex International SA:

In thousand of €	March 31, 2013	March 31, 2012
Share of the associate's statement of financial position:		
Current assets	10,867	14,630
Non-current assets		
Current liabilities	1,551	5,558
Equity	**9,316**	**9,072**
Share of the associate's revenue and profit:		
Revenue	29,568	31,522
Profits	218	831
Carrying amount of the investment	**9,305**	**9,277**

Variations during the period were the following:

In thousand of €	March 31, 2013	March 31, 2012
Carrying value at opening	**9,277**	**8,647**
Share of profit in an associate	218	831
Distribution of dividends	(190)	(201)
Carrying value as of March 31	**9,305**	**9,277**

9. Income tax expense

In thousand of €	March 31, 2013	March 31, 2012
Current tax	(17,413)	(13,630)
Deferred tax	(12,476)	(6,341)
Total income tax expense	**(29,889)**	**(19,971)**
Income tax recognized in other comprehensive income	(900)	5,475
Total income tax	**(30,789)**	**(14,496)**

A reconciliation between tax expense and accounting profit (based on French's domestic tax rate for the period ended March 31, 2013 which represents the country where most of taxable income are generated) is as follows:

In thousand of €	**March 31, 2013**	**March 31, 2012**
Income before tax	96,665	93,661
At French statutory income tax rate of 34.43%	(33,282)	(32,247)
Effect of tax rates in other juridictions	(95)	140
Effect of non taxable financial income	18,745	15,864
Effect of non deductible expenses/taxable income:	(6,410)	918
– Share of profit in associate	*75*	*286*
– Other non taxable income	*590*	*1,706*
– Non deductible interests in France	*(7,230)*	*—*
– Other non deductible/ taxable expenses	*155*	*(1,074)*
Deferred tax assets on tax losses carried forward adjustment	(3,966)	—
Unrecognised tax losses	(706)	(554)
Effect of CVAE expense	(4,372)	(4,285)
Amortization of deferred tax related to CVAE	196	194
Total income tax expense	**(29,889)**	**(19,970)**

Deferred tax

Deferred tax relates to the following:

	Consolidated statement of financial position		**Comprehensive income**
In thousand of €	**March 31, 2013**	**March 31, 2012**	**March 31, 2013**
Recognition of Picard brand	(268,554)	(268,554)	—
Accelerated depreciation for tax purposes	(15,719)	(15,719)	—
Revaluation of lands and buildings to fair value	(22,278)	(21,280)	(998)
Consolidation of financial leases	(690)	(794)	104
Fair value of financial debt	(7,426)	(9,731)	2,305
Financial instruments at fair value	(2,854)	(2,697)	(157)
Pension	1,561	1,650	(89)
Employees profit sharing	4,823	4,994	(171)
Inventories valuation	(306)	(275)	(31)
CVAE deferred tax	(1,454)	(1,650)	196
Tax losses carried forward	5,072	19,620	(14,548)
Other deferred charges	871	859	12
Deferres Tax income/(expense)			**(13,376)**
Deferred Tax asset/(liability)	**(306,952)**	**(293,577)**	
Reflected in the statement of financial position as follows:			
Deferred tax assets	5,193	19,849	
Deferred tax liabilities	(312,145)	(313,426)	
Deferred tax liability net	**(306,952)**	**(293,577)**	

10. Other intangible assets

In thousand of €	**Software**	**Brand**	**Leasehold rights**	**Other intangible assets**	**Total intangible assets**
Cost:					
At 31 March 2011	**19,864**	**780,000**	**43,417**	**342**	**843,623**
Addition	4,513	—	1,661	1,515	7,689
Disposals	(1,877)	—	(115)	(342)	(2,334)
At 31 March 2012	**22,500**	**780,000**	**44,963**	**1,515**	**848,978**

In thousand of €	Software	Brand	Leasehold rights	Other intangible assets	Total intangible assets
Addition	2,842	—	1,041	3,382	7,265
Disposals	(170)	—	—	(1,515)	(1,685)
At 31 March 2013	**25,172**	**780,000**	**46,004**	**3,382**	**854,558**
Depreciation and impairment:					
At 31 March 2011	**(11,126)**	**—**	**(214)**	**(11)**	**(11,351)**
Additions	(2,014)	—	—	(5)	(2,019)
Disposals	2,022	—	134	—	2,156
At 31 March 2012	**(11,118)**	**—**	**(80)**	**(16)**	**(11,214)**
Additions	(2,943)	—	—	—	(2,943)
Disposals	168	—	—	—	168
At 31 March 2013	**(13,893)**	**—**	**(80)**	**(16)**	**(13,989)**
Net book value:					
At 31 March 2011	**8,738**	**780,000**	**43,203**	**331**	**832,272**
At 31 March 2012	**11,382**	**780,000**	**44,883**	**1,499**	**837,764**
At 31 March 2013	**11,279**	**780,000**	**45,924**	**3,366**	**840,569**

11. Property, plant and equipment

In thousand of €	Land	Buildings	Technical fittings Machinery and equipment	Other tangible assets	Total Tangible assets
Cost:					
At 31 March 2011	**34,807**	**59,223**	**156,418**	**189,262**	**439,710**
Additions	3,138	1,561	14,916	15,479	35,094
Disposals	(722)	(17,377)	(17,202)	(13,662)	(48,963)
At 31 March 2012	**37,223**	**43,407**	**154,132**	**191,079**	**425,841**
Additions	1,213	2,223	20,190	14,785	38,411
Disposals	(97)	(1,146)	(9,360)	(8,260)	(18,863)
At 31 March 2013	**38,339**	**44,484**	**164,962**	**197,604**	**445,389**
Depreciation and impairment:					
At 31 March 2011	**—**	**(13,665)**	**(95,511)**	**(105,039)**	**(214,215)**
Additions	—	(3,827)	(11,635)	(9,603)	(25,065)
Disposals	—	6,777	14,903	9,466	31,146
At 31 March 2012	**—**	**(10,715)**	**(92,243)**	**(105,176)**	**(208,134)**
Additions	—	(3,686)	(11,890)	(10,313)	(25,889)
Disposals	—	4	8,842	7,378	16,224
At 31 March 2013	**—**	**(14,397)**	**(95,291)**	**(108,111)**	**(217,799)**
Net book value:					
At 31 March 2011	**34,807**	**45,558**	**60,907**	**84,223**	**225,495**
At 31 March 2012	**37,223**	**32,692**	**61,889**	**85,903**	**217,707**
At 31 March 2013	**38,339**	**30,087**	**69,671**	**89,493**	**227,590**

12. Financial assets and financial liabilities

12.1. Other current and non-current financial assets

In thousand of €	March 31, 2013	March 31, 2012
Investments	—	120
Deposits and guarantees	12,077	11,031
Cash flow hedges – interest rate swaps	271	—
Related party loans*	8,511	8,511
Other non-current financial assets	**20,860**	**19,662**

* see Note 24 "Related party disclosures"

12.2. Interest-bearing loans and borrowings

In thousand of €	Effective interest rate	Maturity	March 31, 2013	March 31, 2012
Current				
Obligations under finance leases			1,020	382
Accrued interest payable on loans and borrowings			5,223	6,686
Senior debt A (225M€) – current portion	Euribor 3M + margin [4.0% – 3.25%]	2016	32,686	22,066
Bank overdrafts		On demand	14,460	14,208
Other current borrowings		On demand	—	154
Total current interest bearing loans and borrowings	**—**	**—**	**53,389**	**43,496**
Non current				
Obligations under finance leases			1,262	3,454
Bonds (300M€)	9.00%	2018	291,286	290,145
Senior debt A (225M€) – non current portion	Euribor 3M + margin [4.0% – 3.25%]	2016	146,116	181,399
Senior debt B (400M€)	Euribor 3M + margin 4%	2017	299,634	377,168
Total non-current interest bearing loans and borrowings			**738,298**	**852,166**
Total interest bearing loans and borrowings			**791,687**	**895,662**

* The group has voluntary redeemed in advance M€ 60.0 for senior B in October 2012.

Bonds

On October 6, 2010, Picard Bondco issued bonds for M€ 300. These bonds are payable after 8 years on October 1st, 2018, interests are paid semi-annually based on an interest rate of 9.0%. Bonds are refundable "in fine".

Bank loans

A M€ 625 senior loan was raised as of October 14, 2010 and includes two facilities.

The first one, Senior Debt A (M€ 225), is payable over 6 years, the last repayment date being October 14, 2016. The rate of this loan is a variable rate fixed in reference to a market rate (Euribor 3 months) increased by a banking margin of 3.50% which is subject to adjustment depending on the level of the Group's Leverage Ratio.

Under the terms of the Facilities Agreement, the Group must maintain the Leverage ratio below a defined level which evolves until the debt maturity. The leverage Ratio is defined as the ratio of total net debt to EBITDA for a testing period.

The second one, Senior Debt B (M€ 400), is payable "in fine" after 7 years as of October 14, 2017. The rate of this loan is a variable rate fixed in reference to a market rate (Euribor 3 months) increased by a banking margin of 4%.

Pursuant to our Senior credit agreement, which includes an excess cash flow clause, the Group paid in advance M€ 35.7 in July 2012 (M€ 12.2 of Senior Debt A and M€ 23.5 of Senior Debt B).

The Group voluntary paid in advance M€ 60.0 of Senior Debt B in October 2012.

12.3. Hedging activities and derivatives

Cash Flow Hedges

At March 31, 2013, the Group have two interest rate swap agreement with the following characteristics:

	Notional (M€)	Fair value as at March 31, 2013	Pay	Receive	Begin date	Maturity date	Accounting Qualification
2013							
Amortized Swap	625	-2,267	1.3693%	Euribor 3M	14/10/2010	14/10/2013	Cash flow hedge
Amortized Swap	258	271	0.37%	Euribor 3M	14/10/2013	14/10/2015	Cash flow hedge

This derivative is being used to hedge the exposure to changes in future interest cash flows linked to the Senior Debt.

The fair value change of the hedging derivatives (2013: K€ 2,297 excluding accrued interest) has been recognized in other comprehensive income. There was no ineffectiveness recognized in 2013 in P&L

12.4. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

In thousands of €	Carrying amount March 31, 2013	Fair value March 31, 2013	Carrying amount March 31, 2012	Fair value March 31, 2012
Financial assets				
Trade and other receivables	35,294	35,294	36,194	36,194
Other financial assets	20,589	20,589	19,662	19,662
Cash and cash equivalent	119,353	119,353	150,502	150,502
Interest rate swap	271	271		
Total	**175,507**	**175,507**	**206,358**	**206,358**
Financial liabilities				
Fixed rate borrowings	291,286	326,250	290,145	323,625
Obligations under finance leases	2,282	2,282	3,836	3,836
Floating rate borrowings	478,436	478,436	558,567	558,567
Other current borrowings	—	—	—	—
Interest rate swap	2,267	2,267	4,291	4,291
Trade and other payables	207,246	207,246	206,027	206,027
Bank overdraft	14,460	14,460	14,208	14,208
Total	**995,977**	**1,030,941**	**1,077,074**	**1,110,554**

The fair value of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at March 31, 2013, the carrying amounts of such receivables, net of allowances, approximate their fair values.

- Fair value of quoted notes and bonds is based on price quotations at reporting date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The calculation of fair value for derivative financial instruments depends on the type of instruments: Derivative interest rate contracts – The fair value of derivative interest rate contracts (e.g., interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of all interest rate derivatives is level 2.

13. Impairment test of goodwill and other intangible assets with indefinite useful lives

As of March 31, 2013, goodwill and the brand recognized through business combinations have been fully allocated to the group of CGU constituted of stores in France. Leasehold rights are followed and tested for impairment at store level (CGU). As of March 31, 2013, net booked value of goodwill and other intangible with indefinite useful lives is the following:

In thousand of €	**March 31, 2013**	**March 31, 2012**
Goodwill gross value	815,170	815,170
Brand gross value	780,000	780,000
Leasehold rights gross value	46,004	44,963
Impairment of leasehold rights	(80)	(80)
Total	**1,641,094**	**1,640,053**

Goodwill and brand

The recoverable amount of the goodwill and the brand has been determined based on a value in use calculation using cash flow projections of French stores taken all together from financial budgets approved by senior management covering a five-year period, with determination of a final value calculated by discounting the five-year figures at the perpetual rate of growth to infinity.

Key assumptions used in the determination of the value in use

The calculation of value-in-use is most sensitive to the following assumptions:

- Discount rate;
- Growth rate used to extrapolate cash flows beyond the budget period.

The discount rate applied to cash flow projections is 8.84% and cash flows beyond the five-year period are extrapolated using a 1.5% growth rate.

As a result of this analysis, no impairment has been recognized by the Group.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of goodwill and the brand, the Group estimates that an increase of discount rate by 50 basis points or a decrease of 50 basis points in growth rate would not cause the carrying value of the above cash-generating units to materially exceed its recoverable amount.

Reasonable changes in assumptions defined by the management should not cause the CGU's carrying amount to exceed its recoverable amount.

Leasehold rights

Leasehold rights are tested annually at a store level. Their value in use is compared to their carrying value amount. If this latter exceeds their value in use, an impairment is recognized for the difference.

No impairment charge or impairment reversal have been accounted for during the financial year ending March 31, 2013.

14. Inventories

In thousand of €	March 31, 2013	March 31, 2012
Packaging	847	414
Non packaged finished goods	5,342	5,999
Packaged finished goods	72,552	75,948
Depreciation	(2,046)	(2,065)
Inventories	**76,695**	**80,296**

15. Trade and other receivables

In thousand of €	March 31, 2013	March 31, 2012
Trade receivables	1,188	788
Prepaid expenses	18,741	17,197
VAT receivables and other sales taxes	9,186	9,680
Other receivables	6,179	8,529
Trade and other receivables	**35,294**	**36,194**

16. Cash and cash equivalents

In thousand of €	March 31, 2013	March 31, 2012
Cash at banks and on hand	24,918	64,698
Securities	94,435	85,804
Cash and cash equivalents	**119,353**	**150,502**

For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts.

In thousand of €	March 31, 2013	March 31, 2012
Cash and cash equivalents	119,353	150,502
Bank overdrafts	(14,460)	(14,208)
Cash and cash equivalents position	**104,893**	**136,294**

17. Issued capital

In thousand of €	Number of shares	Share Capital	Share Premium
At March 31, 2011	**2,641,726**	**2,642**	**265,761**
At March 31, 2012	**2,641,726**	**2,642**	**265,761**

In thousand of €	Number of shares	Share Capital	Share Premium
At March 31, 2013	**2,641,726**	**2,642**	**265,761**

The capital used by the Group is managed so as to:

- ensure the continuity of the Group's operations;
- maintain an appropriate ratio of shareholders' equity to debt in order to minimize the cost of capital.

In addition, in order to maintain or adjust its capital structure, the Group may be prompted to take out new debt or repay existing debt, adjust the amount of its dividends paid to shareholders, conduct a capital repayment to shareholders, issue new shares or sell assets in order to reduce debt levels.

Mandatory redeemable preferred shares (MRPS)

In thousand of €	Number of shares	Share Capital	Share Premium	Total MRPS
At March 31, 2011	**10,000**	**10**	**381,730**	**381,740**
At March 31, 2012	**10,000**	**10**	**381,730**	**381,740**
At March 31, 2013	**10,000**	**10**	**381,730**	**381,740**

The MRPS will give right to two kinds of preferred dividends as follows:

(a) a preferential and cumulative dividend at the annual rate of 1% of the nominal value of said MRPS, which shall accrue daily and be calculated assuming a 360 day year (the "First Preferred Dividend");

(b) a second preferential and cumulative dividend (the "Second Preferred Dividend") equal to any income received and/or accrued by the Company (net of any withholding taxes suffered) in relation to the preferred equity certificates issued to the Company by its subsidiary Lion/Polaris Lux 3 S.A. (the "PECs"), during the relevant financial year of the Company, less:

   (i) all costs and expenses of the Company – except tax charges – booked during the relevant financial year according to Luxembourg GAAP, to the extent that they relate to the PECs; and

   (ii) the First Preferred Dividend as computed for the relevant financial year.

The dividends payment and MRPS reimbursement are subject to discretionary decisions to be taken by the Group.

18. Dividends paid

The Group did not pay any dividends during the periods ending March 31, 2012 and March 31, 2013.

19. Earnings per share

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

	March 31, 2013	March 31, 2012
Net income attributed to Company shareholders (in thousands of euros)	**66,775**	**73,690**
Weighted average number of common shares outstanding (in thousands)	2,642	2,642
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	**2,642**	**2,642**
Basic earnings per share (in euros)	**25.27**	**27.89**
Net income attributed to Company shareholders (in thousands of euros)	**66,775**	**73,690**
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	2,642	2,642
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	**2,642**	**2,642**
Fully diluted earnings per share (in euros)	**25.27**	**27.89**

20. Provisions and contingent liabilities

In thousand of €	Risks related to the operations	Disputes and litigations	Total
Provision as at 31.03.12	**453**	**6,049**	**6,501**
Allowances	57	2,338	2,395
Reversal	(382)	(1,904)	(2,286)
Provision as at 31.03.13	**128**	**6,483**	**6,610**

A tax audit for Lion Polaris (renamed Picard Groupe S.A.S) concerning the year ended March 31, 2011 is currently in process. No tax audit reassessment has been yet received by the company.

21. Employee benefits

The Group has two defined benefit pension plans, covering substantially all of its Italian and French employees, both of which are unfunded plans. Those two plans are mandatory in France and Italy.

In France, employees are entitled to a lump sum when they retire depending on their length of service and on final salary.

In Italy, employees are entitled to a lump sum when they leave the company. Since 2007, future rights are provided to employees through a defined contribution arrangement. The remaining liability in the Group' Consolidated Statement of financial position is related to the service accrued before this change in legal requirement.

Contributions paid to the defined contribution plan in Italy amount to K€ 182 for the period ended March 31, 2013.

The following tables summarize the components of net benefit expense recognized in the income statement and the unfunded status and amounts recognized in the statement of financial position for these plans:

In thousand of €	March 31, 2013	March 31, 2012
Current service cost	319	247
Interest cost	363	321
Benefit expense	(331)	(230)
Net benefit expense	**350**	**338**
recognized in operating profit	319	247
recognized in finance costs	32	91

The position recorded in the consolidated statement of financial position breaks down as follows:

In thousand of €	March 31, 2013	March 31, 2012
Benefit obligation	4,323	4,284
Fair value of plan assets	—	—
Unfunded status	**(4,323)**	**(4,284)**
Unrecognized prior service cost	—	—
Net periodic benefit cost	**(4,323)**	**(4,284)**

The company's liability for defined benefit plans is K€ 4,323 as of March 31, 2013.

Changes in employee benefit obligation are as follows:

In thousand of €	March 31, 2013	March 31, 2012
Benefit obligation at Opening	4,284	3,273
Benefit obligation from business combination	—	—
Current service cost	319	247
Interest cost	363	321
Actuarial (gains) and losses	(316)	664
Benefits paid	(331)	(220)

In thousand of €	March 31, 2013	March 31, 2012
Benefit obligation at March 31	**4,323**	**4,284**

The cumulative amounts of actuarial (gains) and losses (before taxes) recognized in the consolidated statements of comprehensive income are as follows:

In thousand of €	March 31, 2013
Balance at April 1st	(427)
Net actuarial (losses)/gains during the period	316
Balance at March 31	**(111)**

For the French retirement indemnities plan, the benefit obligation, and the experience actuarial gains (losses) are as follows:

In thousand of €	March 31, 2013	March 31, 2012
Benefit obligation at April 1st	3,390	3,934
Experience adjustments generated on the benefit obligation		
In amount	7	(202)
In percentage of the benefit obligation	0%	-5%

The principal assumptions used in determining defined benefit obligation for the French retirement indemnities plan are shown below:

In thousand of €	March 31, 2013	March 31, 2012
Discount rate	2.75%	3.34%
Average expected rate of salary increase	1.00%	2.00%
Inflation rate	1.20%	1.20%
Withdrawal rates	[0% – 21.5%]	[0% – 21.5%]

For the French retirement indemnities plan, a decrease of 0.25% of the discount rate would increase the defined benefit obligation of approximately K€ 197. An increase of 0.25% of the discount rate would decrease the defined benefit obligation of approximately K€ 187.

22. Share-based payment plans

Shares subscribed by some managers

At the time of the investment of Lion Capital fund in the capital of Picard Group, some managers of Picard have been given the option for subscribing to shares of the ultimate parent company. Those investments were made through few dedicated companies held by the managers and Lion Capital fund.

Three share plans have been granted:

- A first preferred share plan and an ordinary share plan for which the subscriptions were realized at fair value; thus no share-based payment expense was recognized for them.
- Another preferred share plan for which the trigger of payments is linked to the internal rate of return. Thus no share-based payment expense was recognized for them.
- The third preferred share plan is equity-settled. The following table presents the mains features of this plan:

Date of the board	01/11/2010
Number of instruments	2,280,714
Performance conditions	Yes

These preferred shares shall arise only in the event of an exit (change of control or initial public offering), as follows:

- If the Internal Rate of Return (IRR) is strictly below 8%, the financial right attached to the preferred shares shall be equal to zero;
- If the Internal Rate of Return (IRR) is at least equal to 8% but below 20%, then the financial right attached to the preferred shares shall amount to 10% of the Extra Capital gains over an IRR of 8%;

- If the Internal Rate of Return (IRR) is at least equal to 20% but below 30%, then the financial right attached to the preferred shares shall amount to 15% of the Extra Capital gains over an IRR of 8%;
- If the Internal Rate of Return (IRR) is more than 30%, then the financial right attached to the preferred shares shall amount to 20% of the Extra Capital gains over an IRR of 8%.

Fair value and expense to be recognised

The fair value of the preferred shares is estimated at the grant date using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the share were granted. The inputs of that model were the share price, exercise price, expected volatility, expected dividends and the risk free interest rate.

The company being unlisted, the expected volatility has been determined as an average of historical volatility of comparable companies, in accordance with IFRS 2 requirements.

	Assumptions at grant date
Dividend yield (%)	0%
Average expected volatility (%)	23%
Average Risk-free interest rate (%)	1.65%
Model used	Monte Carlo

The fair value of these instruments and the resulting expenses are presented below:

	Preferred Shares
Fair value of preferred shares (M€)	6.2
Subscription price of preferred shares (M€)<	2.3
2013 expense (M€)	1.0

23. Trade and other payables

In thousand of €	**March 31, 2013**	**March 31, 2012**
Trade payables	147,105	149,669
Payables to suppliers of fixed assets	5,781	8,174
Social liabilities	46,220	43,926
Tax payables	7,367	4,211
Other payables	773	47
Trade and other payables	**207,246**	**206,027**

Social liabilities include variable components of salaries which are not due for payment yet, accrued costs in relation with paid vacations, "recoverable" days in accordance with the agreement concerning the "Reduction of working time", and legal and contractual profit sharing.

24. Related party disclosures

The consolidated financial statements include the financial statements of the Group and the subsidiaries listed in Note 28.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

In thousands of €		**Dividends from related parties**	**Purchases from related parties**	**Amounts owed by related parties***	**Amounts owed to related parties***
Associate:					
Primex International SA	**March 31, 2012**	201	43,080	1	5,157
Associate:					
Primex International SA	**March 31, 2013**	190	45,097	5	4,722

*   *Amounts are classified as trade receivables / trade payables respectively*

The following loans have been entered with related parties:

In thousands of €	**March 31, 2013**	**March 31, 2012**
Lion Polaris Lux 1 s .à.r.l	8,000	8,000
Picard PikCo S.A	511	511
Total	**8,511**	**8,511**

Lion Polaris Lux 4 S.A. which is consolidated has granted two loans of €8,000k and €511k respectively to Lion Polaris Lux 1 S.à.r.l (direct shareholder of Picard BondCo S.A.) and to Picard PikCo S.A. (direct partner of Lion Polaris Lux 1 S.à.r.l)

Compensation of key management personnel of the Group for the period are:

In thousands of €	**March 31, 2013**	**March 31, 2012**
Total compensation paid to key management personnel	1,575	1,554

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

25. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on commercial premises and warehouses. These leases have an average life of three years with renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2013 are as follows:

In thousand of €	**Total**	**Less than one year**	**Between 1 and 5 years**	**More than 5 years**
Operating leases	114,896	49,618	55,207	10,071

Bank covenants

Under the bank documentation, Picard is required to comply with several financial covenants each quarter. The financial covenants are Cash-Flow cover (Cashflow/ Debt Service), Interest cover (EBITDA/ Net Finance Charge), Leverage (Net Debt/ EBITDA) and maximum Capex.

As of March 31, 2013, bank covenants are respected by the Group.

Mortgages and pledges

Following guarantees have been granted to secure the issuance of bonds for M€ 300 and the bank loan for M€ 625:

- Pledges over all the shares of Lion Polaris 3 SA, Lion Polaris 4 SA, Lion Polaris II, , Picard Groupe SAS, Picard Surgelés SAS and Picard Surgelati;
- Pledges over the LuxCo 3 PECS and Lion Polaris 4 SA PECS
- Pledges over the receivables under the Lion Polaris 3 SA proceeds Loan, Lion Polaris 4 SA proceeds Loan, Lion Polaris II proceeds Loan;
- Pledges over bank accounts

Material intellectual property rights (brand) have been pledged to secure the M€ 30 Revolving Credit Facility.

Partnership

The Picard Surgelés SAS subsidiary enters into frame agreements with some of its suppliers with a commitment on an annual volume of purchase. Suppliers may produce and store products dedicated to Picard Surgelés SAS.

Nevertheless, the transfer of ownership of these products occurs only at delivery of goods in Picard Surgelés SAS or subcontractors warehouses.

26. Events after the reporting period

A tax audit for Lion Polaris (renamed Picard Group S.A.S) concerning the year ended March 31, 2004 has been finalized. On May 2013, tax authorities decided to abandon any tax reassessment regarding this tax audit.

27. Employees

Number of employees	March 31, 2013	March 31, 2012
Employees “Cadres”	196	179
Employees “Agents de maîtrise”	1,082	1,063
Other employees	3,588	3,361
Total employees	**4,866**	**4,603**

28. Consolidated entities

			As of March 31, 2013		As of March 31, 2012	
Name	Country of incorporation	Consolidation method	% of interest	% of control	% of interest	% of control
Picard Bondco S.A.	Luxembourg	Full	100.00%	100.00%	100.00%	100.00%
Lion/Polaris Lux 3 S.A.	Luxembourg	Full	100.00%	100.00%	100.00%	100.00%
Lion/Polaris Lux 4 S.A.	Luxembourg	Full	100.00%	100.00%	100.00%	100.00%
Picard Groupe SAS	France	Full	100.00%	100.00%	100.00%	100.00%
Lion Polaris II	France	Full	100.00%	100.00%	100.00%	100.00%
Picard International SAS	France	Full	100.00%	100.00%	100.00%	100.00%
Picard Surgelés SAS	France	Full	100.00%	100.00%	100.00%	100.00%
Picard I Surgelati SPA	Italy	Full	100.00%	100.00%	100.00%	100.00%
Picard Sweden	Sweden	Full	75.00%	75.00%	—	—
Picard België	Belgium	Full	100.00%	100.00%	—	—
Primex International SA	France	Equity method	37.21%	37.21%	37.21%	37.21%

29. Statutory Auditor’s fees

The total fees paid by the Group to the statutory auditors and their networks are as follow:

	March 31, 2013	March 31, 2012
Pricewaterhousecoopers	551	424
MBV	37	50
KPMG	35	72
Total fees	**623**	**546**

Picard Bondco S.A

Consolidated Financial Statements

For the year ended March 31, 2012

Audit report

To the Shareholder of
Picard Bondco S.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Picard Bondco S.A., which comprise the consolidated statement of financial position as at 31 March 2012, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility 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 as 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 judgment of the "Réviseur d'entreprises agréé" 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Picard Bondco S.A. as of 31 March 2012, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative, 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg
T: +352 494848 1, F:+352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°00123693)
R.C.S. Luxembourg B 65 477 - TVA LU17564447

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 2 July 2012

Pascal Rakovsky

Picard Bondco S.A

Consolidated Income Statement

(In thousand of €)	Notes	March 31, 2012 (12 month period)	March 31, 2011(*)
Sales of goods	***6***	1,298,162	707,994
Cost of good sold		(737,769)	(408,519)
Gross profit		**560,393**	**299,475**
Other operating income	***7.1***	5,583	3,313
Other purchase and external expenses		(199,780)	(93,690)
Taxes		(17,254)	(10,661)
Personal expenses	***7.3***	(152,746)	(78,575)
Depreciation, amortization and provisions allowances		(30,454)	(16,322)
Other operating expenses	***7.2***	(8,197)	(26,612)
Operating profit		**157,545**	**76,928**
Finance costs	***7.4***	(66,378)	(35,397)
Finance income	***7.4***	1,663	1,131
Share of profit in an associate	***8***	831	540
Income before tax		**93,661**	**43,202**
Income tax expense	***9***	(19,971)	(9,176)
Net income		**73,690**	**34,026**
Attributable to:			
Equity holders of the parent		73,690	34,026
Non-controlling interests		—	—
Earnings per share:			
Basic earnings per share (*in euros*)	***19***	27.89	12.88
Fully diluted earnings per share (*in euros*)	***19***	27.89	12.88

(*) 2012 figures (12 month period) are not comparable to the 2011 figures (5.5 month period) due to the acquisition of Picard Group SAS by Picard Bondco Group on October 14, 2010.

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A

Consolidated Statement of Comprehensive Income

(In thousand of €)	Notes	March 31, 2012	March 31, 2011
Net income		**73,690**	**34,026**
Net gain / (loss) on cash flow hedges	***12.3***	(15,237)	10,945
Income tax		5,246	(3,768)
		(9,991)	7,177
Actuarial gains / (loss) of the period	***21***	(664)	237
Income tax		229	(82)
		(435)	155
Other comprehensive income / (loss) for the period, net of tax		*(10,426)*	*7,332*
Comprehensive income		**63,264**	**41,358**
Attributable to:			
Equity holders of the parent		63,264	41,358
Non-controlling interests		—	—

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A

Consolidated Statement of Financial Position

(In thousand of €)	Notes	As at March 31, 2012	As at March 31, 2011*
Assets			
Goodwill	***5***	815,170	815,170
Property, plant and equipment	***11***	217,707	225,495
Other intangible assets	***10***	837,764	832,272
Investment in an associate	***8***	9,277	8,647
Other non-current financial assets	***12.1***	11,151	18,560
Deferred tax asset	***9***	19,849	18,953
Total non-current assets		**1,910,918**	**1,919,097**
Inventories	***14***	80,296	81,684
Trade and other receivables	***15***	36,194	35,221
Other current financial assets	***12.1***	8,511	8,139
Cash and cash equivalents	***16***	150,502	81,208
Total current assets		**275,503**	**206,252**
Total assets		**2,186,420**	**2,125,350**
Equity and liabilities			
Issued capital	***17***	2,642	2,642
Share premium	***17***	265,761	265,761
MRPS	***17***	381,740	381,740
Other comprehensive income		(2,274)	7,820
Retained earnings		34,669	—
Net income of the period		73,690	34,026
Equity attributable to equity holders of the parent		**756,228**	691,988
Non-controlling interests		—	—
Total equity		**756,228**	**691,988**
Non-current liabilities			
Interest-bearing loans and borrowings	***12.2***	852,166	876,460
Other non current financial liabilities	***12.3***	4,291	—
Provisions	***20***	6,501	3,646
Employee benefit liability	***21***	4,284	3,273
Other non-current liabilities			—
Deferred tax liability	***9***	313,426	311,669
Total non-current liabilities		**1,180,668**	**1,195,048**
Current liabilities			
Trade and other payables	***23***	206,027	200,093
Interest-bearing loans and borrowings	***12.2***	43,496	38,224
Provisions		—	—
Total current liabilities		**249,523**	**238,317**
Total liabilities		**1,430,191**	**1,433,365**
Total equity and liabilities		**2,186,420**	**2,125,350**

* See Note 17

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A
Consolidated Statement of Changes in Equity

In thousand of €	Issued capital	Share premium	MRPS*	Cash flow hedge reserve	Actuarial gain/ (losses)	Share Based payment	Total other comprehensive income	Retained earnings	Net income	Total	Non-controlling interest	Total Equity
Opening	**3**	—	—	—	—	—	—	—	—	**31**	—	**31**
Net income for the period	—	—	—	—	—	—	—	—	34,026	34,026	—	34,026
Other comprehensive income	—	—	—	7,17	155	—	7,332	—		7,332		7,332
Total comprehensive income	—	—	—	7,17	155	—	7,332	—	34,026	41,358	—	41,358
Capital increase	2,61	265,76	—	—	—	—	—	—	—	268,372	—	268,372
MRPS*			381,740							381,740		381,740
Share based payment transactions	—	—	—	—	—	488	488	—	—	488	—	488
As at March 31, 2011	**2,64**	**265,76**	**381,740**	**7,17**	**155**	**488**	**7,820**	**—**	**34,026**	**691,988**	**—**	**691,988**
Net income attribution	—	—	—	—	(155	(488	(643	34,669	(34,026	—	—	—
Net income for the period	—	—	—	—	—	—	—	—	73,690	73,690	—	73,690
Other comprehensive income		—	—	(9,99	(435	—	(10,426	—	—	(10,426	—	(10,426
Total comprehensive income	—	—	—	(9,99	(435	—	(10,426	—	73,690	63,264	—	63,264

In thousand of €	**Issued capital**	**Share premium**	**MRPS***	**Cash flow hedge reserve**	**Actuarial gain/ (losses)**	**Share Based payment**	**Total other comprehensive income**	**Retained earnings**	**Net income**	**Total**	**Non-controlling interest**	**Total Equity**
Share based payment transactions	—	—	—	—	—	976	976	—	—	976	—	976
As at March 31, 2012	**2,64**	**265,76**	**381,740**	**(2,81**	**(435**	**976**	**(2,274**	**34,669**	**73,690**	**756,228**	**—**	**756228**

* See Note 17

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A

Consolidated Statement of Cash Flows

In thousand of €	Notes	March 31, 2012	March 31, 2011*
Operating activities			
Operating profit		157,545	76,928
Depreciation and impairment of property, plant and equipment		28,422	11,917
Amortisation and impairment of intangible assets		2,032	3,288
Share-based transaction expense	***7.3***	976	488
Gain on disposal of property, plant and equipement		(991)	334
Other non cash operating items		630	38
Movements in provisions and pensions		1,258	523
Interest received		3,775	878
Dividends received from associate	***8***	201	156
Income tax paid		(5,221)	(20,337)
Operating cash flows before change in working capital requirements		*188,627*	*74,213*
Change in Inventories		873	81,684
Change in trade and other receivables and prepayments		(973)	35,221
Change in trade and other payables		(5,934)	200,093
Working capital from acquisition		—	(296,722)
Net cash flows from operating activities		**182,593**	**94,489**
Investing activities			
Proceeds from sale of property, plant and equipment		12,138	946
Purchase of property, plant and equipment		(33,139)	(12,655)
Purchase of intangible assets		(7,347)	(2,833)
Acquisition of subsidiaries, net of cash acquired	***4***		(874,517)
Purchase of financial instruments		(513)	(8,363)
Proceeds from sale of financial instruments		—	4,081
Net cash used in investing activities		**(28,861)**	**(893,341)**
Financing activities			
Issuance of shares	***17***	—	650,111
Payment of finance lease liabilities		(4,525)	(4,094)
Proceeds from borrowings	***3.2***	—	880,437
Repayment of borrowings	***3.2***	(17,805)	(638,185)
Interest paid		(75,143)	(9,216)
Dividends paid to equity holder of the parent		—	—
Net cash flows from/(used in) financing activities		**(97,473)**	**879,053**
Net increase / (decrease) in cash and cash equivalents		56,259	80,201
Cash and cash equivalents at begining of the period		80,232	31
Cash and cash equivalents at 31 March	***16***	**136,491**	**80,232**

* See Note 17

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco S.A

Notes to the Consolidated Financial Statements

1. Corporate information

Picard Bondco S.A. (previously named Lion Polaris Lux 2 S.A.) is a limited company, which was incorporated on August 9, 2010 and is domiciled in Luxembourg. The registered office is located at L-1931 Luxembourg, 13-15, Avenue de la Liberté.

Picard Bondco S.A is an affiliate (fully controlled) of Lion Polaris Lux 1 S.à r.l..

Picard Bondco S.A was incorporated for the purpose of acquiring Picard Groupe SAS ("Picard Group"), the leader in the frozen food production and distribution business in France. The acquisition was completed on October 14, 2010.

Picard Bondco S.A ("the Company") and its subsidiaries (together "the Group") operate in the frozen food production and distribution business, mainly in France. The Group financial year ends on March 31st.

On July 2, 2012, the Board authorized for issue the consolidated financial statements for the year ended March 31, 2012 that will be submitted for approval to Picard Bondco's shareholders.

2. Accounting principles

2.1 Basis of preparation

The consolidated financial statements cover the period from April 1, 2011 to March 31, 2012. The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

Going concern

The financial statements have been prepared on a going concern basis.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and as adopted by the European Union and effective for financial years beginning on or after April 1, 2011.

IFRS as adopted by the European Union can be consulted on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

2.1.1 New accounting standards and interpretations in effect starting from April 1, 2011

Since April 1, 2011, the Group has applied the following new amendments, standards, and interpretations previously endorsed by the European Union

- IAS 24 *Related Party Disclosures (Amendment)*

  The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities. The change in accounting policy had no material impact on financial statements.

- IFRIC 14 *Prepayments of a Minimum Funding Requirement (Amendment)*

  The amendment to IFRIC 14 is effective for annual periods beginning on or after January 1, 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

- *Improvement to IFRSs (issued May 2010)*

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

- IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an option to present an analysis of each component of other comprehensive income may be included either in the statement of changes in equity or in the notes to the financial statements.
- IAS 34 *Interim Financial Statements*: The amendment requires additional disclosures for fair values and changes in classification of financial assets, as well as changes to contingent assets and liabilities in interim financial statements.
- IFRS 7 *Financial Instruments – Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRIC 13 *Customer Loyalty Programmes* – in determining the fair value of award credits, an entity shall consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programme.

2.1.2 New accounting standards and interpretations approved by the European Union with effect in future periods

The Group did not early adopt any new or amended IFRS, adopted by the European Union, and particularly:

- *IFRS 7 Financial Instruments: Disclosures – Enhanced Derecognition Disclosure Requirements*

  The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

The Group did not apply any new or amended IFRS, which has not been adopted by the European Union:

- Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*
- Amendments to IAS 12 *Income Taxes: Deferred tax – Recovery of Underlying Assets*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures*
- IFRS 9 *Financial Instruments: Classification and Measurement*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosures of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

Basis of consolidation

The Consolidated Financial Statements of the Group comprise the financial statements of the Company and its subsidiaries as at March 31, 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated.

Entities over which the Group has a significant influence are accounted for using the equity method.

2.2 Summary of significant accounting policies

a. Foreign currency translation

The consolidated financial statements are presented in euros (€), which is the company's functional and the Group's presentation currency. Euro is also the functional and presentation currency of all the entities in the Group's perimeter.

b. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Under the definition of IAS 36, the Group identified cash-generating units, and group of cash-generating units, which are defined in Note 13.

c. Investment in associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The share of profit of associates is shown on the face of the income statement on the line "Share of profit in associate". This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the parent company and using the same accounting policies. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on purchase of the goods by the customer.

- **Sales of goods – retail**

The group operates a chain of retail outlets for selling their products. Sales of goods are recognized when an entity sells a product to the customer. Retail sales are usually in cash or by credit card.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

e. Operational expenses

The Group benefits from some tax credits generated by its activity. Such tax credits are deemed to be equivalent to grants related to income and are thus deducted from related expenses.

f. Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except specific conditions (initial recognition of an asset or liability in a transaction that is not a business combination that affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Business Contribution on Value Added

In accordance with the provisions of IAS 12, the CVAE having been identified as an income tax, deferred taxes relating to temporary differences have been recorded. As of March 31, 2011 and March 31, 2012, the CVAE is shown and accounted for on the 'Income tax' line.

g. Pensions and other post employment benefits

The Group operates two defined benefit pension schemes, as detailed in Note 21. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds, as explained in Note 21).

The defined benefit expense is recognized through operating income for the service cost component of the expense and through financial income for the interest cost component.

h. Share based payment transactions

Some employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in Note 22.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

i. Financial liabilities – initial recognition and subsequent measurement

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition. The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss. Financial liabilities within the scope of IAS 39 are classified as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

<u>Loans and borrowings</u>

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

<u>Derecognition</u>

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.

j. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, those derivatives that respect criteria of hedge effectiveness are classified as cash flow hedges.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the income statement over the remaining term to maturity. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in the income statement. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Refer to Note 12 for more details about interest rate swap contracts as at March 31, 2012 (hedges of the Group's exposure to interest rate risks).

k. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Lands are not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

• Buildings and building improvements	20 years
• Operating equipment	5 to 10 years
• Transportation equipment	4 years
• Computers and hardware	3 to 5 years
• Furniture	10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the line "other operating expenses" when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

l. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement in the line "finance costs".

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Payments made to the lessor in order to secure the right to obtain a lease agreement are recognised as prepayments and amortised over the initial lease term.

m. Intangible assets

Brand

Trademarks acquired through business combination are not amortized when their useful life is deemed to be indefinite.

Trademarks which are not amortized are tested for impairment annually and each time there is an indication that it may be impaired.

The useful lives of trademarks have been defined according to their strategic position on the market (strong international trademark: indefinite life).

Leasehold rights

Leasehold rights are constituted by sums paid to the owners of this right (former tenants) at the opening of new stores. Gross values recorded on the Consolidated Statements of financial position stated at cost. Because of the legal protection attached in France to leasehold rights, the group considered that these intangible assets should not be amortized.

Software

Software acquired by the Company are booked as intangible assets at their original cost. They are depreciated under the straight-line method over a maximal period of 3 years.

Software developed by the Group for its internal use are recorded as intangible assets at their development cost and are depreciated under the straight-line method over a maximal period of 3 years.

n. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined under the weighted average cost method and does not generate a significant difference from the FIFO method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

o. Impairment of non-financial assets

Cash-generating units (CGU)

A cash-generating unit is 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.

The cash-generating unit is defined by Management as the store, with two main groups of cash-generating units, based on geographical implantation in:

- France, and
- Italy

Impairment analysis

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the groups of cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of four years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fourth year.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill and other indefinite useful life intangible assets (trademarks), an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

<u>Goodwill</u>

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Other intangible assets

Other intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit or group of cash-generating units level, as appropriate and when circumstances indicate that the carrying value may be impaired.

p. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, short-term deposits and highly liquid securities with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, short-term deposits and highly liquid securities as defined above, net of outstanding bank overdrafts.

q. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group’s consolidated financial statements requires management to make judgments, estimates and assumptions that can affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and current economic condition. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Further details about assumptions and sensitivity of valuations are disclosed in Note 13.

Employee benefits liabilities

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future withdrawal rates of employees. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables in France. Future salary increases and expected withdrawal rates of employees are based on expectation of management and on past practices over recent years.

Further details about the assumptions used are given in Note 21.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21.

Deferred income tax

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits. The assessment of the Group's ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the Group is significantly different to those expected, the Group will be obliged to increase or decrease the carrying amount of deferred tax assets, with a potentially material impact on the statement of financial position and statement of earnings of the Group.

4. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

To manage this risk, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At March 31, 2012, after taking into account the effect of interest rate swaps, the net debt of the Group is at a fixed rate of interest, and there is no material sensitivity to a reasonably possible change in interest rates, after the impact of hedge accounting.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Considering its activity, the Group is not exposed to credit risk from operating activities. Furthermore, the Group is not exposed to material credit risk from its financing activities (deposits with banks and financial institutions and other financial instruments) as investments of surplus funds are made only with approved counterparties.

The Group's policy to manage this risk is to place funds only with banks which have strong credit ratings.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and finance leases. 4.8% of the Group's debt will mature in less than one year at March 31, 2012 based on the carrying value of borrowings reflected in the financial statements.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at the maturity date.

In thousands of € **Year ended 31 March 2012**	**Less than one year**	**1 to 5 years**	**over 5 years**	**Total**
Fixed rate borrowing	(27,450)	(109,575)	(354,750)	(491,775)
Obligations under finance lease	(382)	(2,932)	(522)	(3,836)
Floating rate borrowings	(51,610)	(286,247)	(409,562)	(747,419)
Trade and other payables	(206,027)			(206,027)
Financial derivatives	(2,807)	(1,429)	—	(4,236)
	(288,276)	**(400,183)**	**(764,834)**	**(1,453,293)**

5. Business combinations

Completion of the purchase price allocation

As of October 14, 2010, the Group completed the acquisition of 100% of Picard Groupe S.A. (now Picard Groupe SAS), the leading frozen food wholesaler in France. This acquisition has been consolidated from that date. The total consideration of the transaction was M€ 1,000. Pursuant to this agreement, the Group acquired the entire ownership of the company's shares.

As at March 31, 2012, the final allocation of the purchase price is as follow:

Preliminary goodwill on acquisition as at March 31, 2011	**821,006**
Leasehold rights	8,900
Deferred tax liabilities	(3,064)
Final goodwill on acquisition as at March 31, 2012	**815,170**

6. Operating segment information

For management purposes, the group is organised into business units based on distribution network and has two reportable operating segments as follows:

- France
- Italy

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

	As at March 31, 2012			**As at March 31, 2011**		
In thousand of €	**France**	**Italy**	**Total**	**France**	**Italy**	**Total**
Sales	1,276,653	21,509	1,298,162	697,495	10,499	707,994
Operating profit	158,955	(1,410)	157,545	77,632	(704)	76,928

7. Other income/expenses

7.1. Other operating income

In thousand of €	March 31, 2012	March 31, 2011
Capitalized expenses	492	319
Gain on non-current assets disposed of	1,213	690
Government grants		786
Other income	3,878	1,518
Total other operating income	**5,583**	**3,313**

7.2. Other operating expenses

In thousand of €	March 31, 2012	March 31, 2011
Royalties	(484)	(213)
Losses on bad debt	(1,048)	(334)
Loss on non-current assets disposed of	(423)	(221)
Non-recurring Expenses related to Picard Group acquisition	—	(20,537)
Other expenses	(6,242)	(5,307)
Total other operating expenses	**(8,197)**	**(26,612)**

7.3. Personal expenses

In thousand of €	March 31, 2012	March 31, 2011
Wages and salaries	98,041	46,313
Social security costs	34,613	16,488
Pension costs	247	132
Employee profit sharing	14,587	11,264
Share-based payment transaction expense	976	488
Other employee benefits expenses	4,282	3,891
Total personal expenses	**152,746**	**78,575**

7.4. Finance income and expenses

In thousand of €	March 31, 2012	March 31, 2011
Interest expenses	(66,161)	(34,972)
Interest costs of employee benefits	(91)	(135)
Foreign exchange losses	(6)	(1)
Provision Allowances on other financial assets	(120)	(69)
Other financial expenses	—	(220)
Finance costs	**(66,378)**	**(35,397)**
Income on loans and receivables	224	651
Income on short term investment	939	363
Reversal of provisions on other financial assets	74	5
Other financial income	426	112
Finance income	**1,663**	**1,131**

8. Investment in associate

The Group has a 37.21% interest in Primex International SA, which is involved in importation and wholesale of meat and sea food, both fresh and frozen.

Primex International is a private entity incorporated in France that is not listed on any public exchange. The following table illustrates summarised financial information of the Group’s investment in Primex International SA:

In thousand of €	March 31, 2012	March 31, 2011
Share of the associate's statement of financial position:		
Current assets	14,630	13,041
Non-current assets		112
Current liabilities	5,558	4,694
Non-current liabilities	—	—
Equity	**9,072**	**8,459**
Share of the associate's revenue and profit:		
Revenue	31,522	16,518
Profits	831	540
Carrying amount of the investment	**9,277**	**8,647**

Variations during the period were the following:

In thousand of €	March 31, 2012	March 31, 2011
Carrying value at opening	**8,647**	**—**
Acquisition through business combination	—	8,263
Share of profit in an associate	831	540
Distribution of dividends	(201)	(156)
Carrying value as of March 31	**9,277**	**8,647**

9. Income tax expense

In thousand of €	March 31, 2012	March 31, 2011
Current tax	(13,630)	(20,161)
Deferred tax	(6,341)	10,985
Total income tax expense	**(19,971)**	**(9,176)**

A reconciliation between tax expense and accounting profit (based on French's domestic tax rate for the period ended March 31, 2012) is as follows:

In thousand of €	March 31, 2012	March 31, 2011
Income before tax	93,661	43,258
At French statutory income tax rate of 34.43%	(32,248)	(14,894)
Effect of tax rates in other jurisdictions	16,004	7,885
Effect of non deductible expenses/taxable income:	918	(99)
– Share of profit in associate	286	205
– Other non taxable income	1,706	18
– Other non deductible expenses	(1,074)	(322)
Unrecognised tax losses	(554)	(261)
Effect of CVAE expense	(4,285)	(1,905)
Amortization of deferred tax related to CVAE	194	97
Total income tax expense	**(19,971)**	**(9,176)**

Deferred tax

Deferred tax relates to the following:

In thousand of €	**Consolidated statement of financial position March 31, 2012**	**Consolidated income statement March 31, 2012**
Recognition of Picard brand	(268,554)	—
Accelerated depreciation for tax purposes	(15,719)	(727)
Revaluation of lands and buildings to fair value	(25,372)	(3,274)
Consolidation of financial leases	(794)	(120)
Fair value of financial debt	(9,731)	(10,051)
Financial instruments at fair value	(2,697)	(3,912)
Pension	1,650	380
Employees profit sharing	4,994	776
Inventories valuation	(275)	(83)
CVAE deferred tax	(1,650)	291
Tax losses carried forward	23,712	23,712
Other deferred charges	859	(1,314)
Deferres Tax income/(expense)		**5,677**
Deferred Tax asset/(liability)	**(293,577)**	
Reflected in the statement of financial position as follows:		
Deferred tax assets	19,849	
Deferred tax liabilities	(313,426)	
Deferred tax liability net	**(293,577)**	

10. Other intangible assets

In thousand of €	**Software**	**Brand**	**Leasehold rights**	**Other intangible assets**	**Total intangible assets**
Cost:					
At 31 March 2011	19,864	780,000	43,417	342	**843,623**
Addition	4,513		1,661	1,515	**7,689**
Disposals	(1,877)		(115)	(342)	**(2,334)**
At 31 March 2012	22,500	780,000	44,963	1,515	**848,978**
Depreciation and impairment:					
At 31 March 2011	(11,126)	—	(214)	(11)	**(11,351)**
Additions	(2,014)	—		(5)	**(2,019)**
Disposals	2,022		134		**2,156**
At 31 March 2012	(11,118)	—	(80)	(16)	**(11,214)**
Net book value:					
At 31 March 2011	**8,738**	**780,000**	**43,203**	**331**	**832,272**
At 31 March 2012	**11,382**	**780,000**	**44,883**	**1,499**	**837,764**

11. Property, plant and equipment

In thousand of €	**Land**	**Buildings**	**Technical fittings Machinery and equipment**	**Other tangible assets**	**Total Tangible assets**
Cost:					
At 31 March 2011	34,807	59,223	156,418	189,262	**439,710**
Additions	3,138	1,561	14,916	15,479	**35,094**
Disposals	(722)	(17,377)	(17,202)	(13,662)	**(48,963)**
At 31 March 2012	37,223	43,407	154,132	191,079	**425,841**

In thousand of €	Land	Buildings	Technical fittings Machinery and equipment	Other tangible assets	Total Tangible assets
Depreciation and impairment:					
At 31 March 2011	—	(13,665)	(95,511)	(105,039)	**(214,215)**
Additions		(3,827)	(11,635)	(9,603)	**(25,065)**
Disposals		6,777	14,903	9,466	**31,146**
At 31 March 2012	—	(10,715)	(92,243)	(105,176)	**(208,134)**
Net book value:					
At 31 March 2011	**34,807**	**45,558**	**60,907**	**84,223**	**225,495**
At 31 March 2012	**37,223**	**32,692**	**61,889**	**85,903**	**217,707**

Significant disposals of property, plant and equipment at March 31, 2012 mainly relate to the sale of two sites in France (Nemours and Sorgues)

12. Financial assets and financial liabilities

12.1. Other current and non-current financial assets

In thousand of €	March 31, 2012	March 31, 2011
Investments	120	83
Deposits and guarantees	11,031	7,526
Cash flow hedges – interest rate swaps		10,951
Other non-current financial assets	**11,151**	**18,560**
Deposits and guarantees (current portion)	—	181
Loan Lux 4/Lux 1	8,511	7,958
Other current financial assets	**8,511**	**8,139**

12.2. Interest-bearing loans and borrowings

In thousand of €	Effective interest rate	Maturity	March 31, 2012
Current			
Obligations under finance leases			382
Accrued interest payable on loans and borrowings			6,686
Senior debt A (225M€) – current portion	[4.50% – Euribor 3M + margin3.75%]	2016	22,066
Bank overdrafts		On demand	14,208
Other current borrowings		On demand	154
Total current interest bearing loans and borrowings	—	—	**43,496**
Non current			
Obligations under finance leases			3,454
Bonds (300M€)	9.00%	2018	290,145
Senior debt A (225M€)	[4.50% – Euribor 3M + margin3.75%]	2016	181,399
Senior debt B (400M€)	Euribor 3M + margin 4%	2017	377,168
Total non-current interest bearing loans and borrowings			**852,166**
Total interest bearing loans and borrowings			**895,662**

Bonds

On October 6, 2010, Picard Bondco issued bonds for M€ 300. These bonds are payable after 8 years on October 1, 2018, interests are paid semi-annually based on an interest rate of 9.0%. Bonds are refundable “in fine”.

Bank loans

A M€ 625 senior loan was raised as of October 14, 2010 and includes two facilities.

The first one, Senior Debt A (M€ 225), is payable over 6 years, the last repayment date being October 14, 2016. The rate of this loan is a variable rate fixed in reference to a market rate (Euribor 3 months) increased by a banking margin of 3.75% which is subject to adjustment depending on the level of the Group’s Leverage Ratio.

Under the terms of the Facilities Agreement, the Group must maintain the Leverage ratio below a defined level which evolves until the debt maturity. The leverage Ratio is defined as the ratio of total net debt to EBITDA for a testing period.

The second one, Senior Debt B (M€ 400), is payable “in fine” after 7 years as of October 14, 2017. The rate of this loan is a variable rate fixed in reference to a market rate (Euribor 3 months) increased by a banking margin of 4%.

In January 2012, the net proceeds of the logistic assets disposal led to an early repayment of the Senior Debt A and Senior Debt B for a total amount of M€ 7.7.

12.3. Hedging activities and derivatives

Cash Flow Hedges

At March 31, 2012, the Group had an interest rate swap agreement with the following characteristics:

	Notional (M€)	Pay	Receive	Begin date	Maturity date	Accounting Qualification
2012						
Amortized Swap	625	1.3693%	Euribor 3M	14/10/2010	14/10/2013	Cash flow hedge

This derivative is being used to hedge the exposure to changes in future interest cash flows linked to the Senior Debt.

The fair value change of the hedging derivative (2012: K€ 4,291 excluding accrued interest) has been recognized in other comprehensive income. There was no ineffectiveness recognized in 2012 in P&L

12.4. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group’s financial instruments that are carried in the financial statements.

In thousands euros	Carrying amount March 31, 2012	Fair value March 31, 2012
Financial assets		
Trade and other receivables	36,194	36,194
Other financial assets	19,662	19,662
Cash and cash equivalent	150,502	150,502
Total	**206,358**	**206,358**
Financial liabilities		
Fixed rate borrowings	290,145	323,625
Obligations under finance leases	3,836	3,836
Floating rate borrowings	558,567	558,567
Trade and other payables	206,027	206,027
Bank overdraft	14,208	14,208
Total	**1,072,783**	**1,106,263**

The fair value of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at March 31, 2012, the carrying amounts of such receivables, net of allowances, approximate their fair values.
- Fair value of quoted notes and bonds is based on price quotations at Consolidated Statement of financial position date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The calculation of fair value for derivative financial instruments depends on the type of instruments: Derivative interest rate contracts – The fair value of derivative interest rate contracts (e.g., interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of all interest rate derivatives is level 2.

13. Impairment test of goodwill and other intangible assets with indefinite useful lives

As of March 31, 2012, goodwill and Brand recognized through business combinations has been fully allocated to the group of CGU constituted of stores in France. Leasehold rights are followed at store level (CGU). As of March 31, 2012, net booked value of goodwill and other intangible with indefinite useful lives is the following:

In thousand of €	**March 31, 2012**
Goodwill gross value	815,170
Brand gross value	780,000
Leasehold rights gross value	44,963
Impairment of leasehold rights	(80)
Total	**1,640,053**

Goodwill and Brand

The recoverable amount of the goodwill has been determined based on a value in use calculation using cash flow projections of French stores taken all together from financial budgets approved by senior management covering a five-year period, with determination of a final value calculated by discounting the five-year figures at the perpetual rate of growth to infinity.

Key assumptions used in the determination of the value in use

The calculation of value-in-use is most sensitive to the following assumptions:

- Discount rate;

- Growth rate used to extrapolate cash flows beyond the budget period.

The discount rate applied to cash flow projections is 10.14% and cash flows beyond the five-year period are extrapolated using a 1.5% growth rate.

As a result of this analysis, no impairment has been recognized by the Group.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of goodwill, the Group estimates that an increase of discount rate by 50 basis points or a decrease of 50 basis points in growth rate would not cause the carrying value of the above cash-generating units to materially exceed its recoverable amount.

Leasehold rights

Leasehold rights are tested annually at a store level. If their carrying amount exceeds their recoverable amount, an impairment is recognized for the difference.

14. Inventories

In thousand of €	March 31, 2012	March 31, 2011
Packaging	414	514
Non packaged finished goods	5,999	6,010
Packaged finished goods	75,948	76,710
Depreciation	(2,065)	(1,550)
Inventories	**80,296**	**81,684**

15. Trade and other receivables

In thousand of €	March 31, 2012	March 31, 2011
Trade receivables	788	710
Prepaid expenses	17,197	17,038
VAT receivables and other sales taxes	9,680	10,597
Other receivables	8,529	6,876
Trade and other receivables	**36,194**	**35,221**

16. Cash and cash equivalents

In thousand of €	March 31, 2012	March 31, 2011
Cash at banks and on hand	64,698	9,651
Securities	85,804	71,557
Cash and cash equivalents	**150,502**	**81,208**

For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts.

In thousand of €	March 31, 2012
Cash and cash equivalents	150,502
Bank overdrafts	(14,208)
Cash and cash equivalents position	**136,294**

17. Issued capital

In thousand of €	Number of shares	Share Capital	Share Premium
At Opening	**31,000**	**31**	**—**
Capital increase	2,610,726	2,611	265,761
At March 31, 2011	**2,641,726**	**2,642**	**265,761**
At March 31, 2012	**2,641,726**	**2,642**	**265,761**

The capital used by the Group is managed so as to:

- ensure the continuity of the Group's operations;
- maintain an appropriate ratio of shareholders' equity to debt in order to minimize the cost of capital.

In addition, in order to maintain or adjust its capital structure, the Group may be prompted to take out new debt or repay existing debt, adjust the amount of its dividends paid to shareholders, conduct a capital repayment to shareholders, issue new shares or sell assets in order to reduce debt levels.

Mandatory redeemable preferred shares (MRPS)

In thousand of €	Number of shares	Share Capital	Share Premium	Total MRPS
At Opening	**10,000**	**10**	**381,730**	**381,740**
At March 31, 2012	**10,000**	**10**	**381,730**	**381,740**

In the consolidated financial statements as at March 31, 2011, the K€381,740 Mandatory Redeemable Preferred Shares (MRPS) issued by the Company were initially accounted for as non current liabilities.

Because the repayment of these MRPS is contingent on events that are now considered as being under the Company's control, they are not booked as debt under IFRS and are now recorded as equity in the consolidated financial statements as at March 2012.

The consolidated statement of financial position as at March 2011 has been restated to reflect this change in the classification of MRPS.

As a result of to this restatement, the "total equity attributable to equity holders of the parent" increased from K€ 310,248 as presented in the consolidated financial statements issued as at March 2011 to K€691,988 whereas the "total non-current liabilities" declined from K€1,576,788 as presented in the consolidated financial statements issued as at March 31, 2011 to K€1,195,048.

This restatement had no impact on the consolidated income statement for the period ended March 31, 2011.

18. Dividends paid

The Group did not pay any dividends during the periods ending March 31, 2011 and March 31, 2012.

19. Earnings per share

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

	March 31, 2012	March 31, 2011
Net income attributed to Company shareholders (in thousands of euros)	**73,690**	**34,026**
Weighted average number of common shares outstanding (in thousands)	2,642	2,642
Non dilutive potential shares (in thousands)	—	—
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	**2,642**	**2,642**
Basic earnings per share (in euros)	**27.89**	**12.88**
Net income attributed to Company shareholders (in thousands of euros)	**73,690**	**34,026**

	March 31, 2012	March 31, 2011
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	2,642	2,642
Potential dilutive shares (in thousands)	—	—
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	**2,642**	**2,642**
Fully diluted earnings per share (in euros)	**27.89**	**12.88**

20. Provisions

In thousand of €	Risks related to the operations	Disputes and litigations	Total
Provision as at 31.03.11	**447**	**3,200**	**3,646**
Allowances	29	4,744	4,773
Reversal	(23)	(1,895)	(1,918)
Provision as at 31.03.12	**453**	**6,049**	**6,501**

21. Employee benefits

The Group has two defined benefit pension plans, covering substantially all of its Italian and French employees, both of which are unfunded plans. Those two plans are mandatory in France and Italy.

In France, employees are entitled to a lump sum when they retire depending on their length of service and on final salary.

In Italy, employees are entitled to a lump sum when they leave the company. Since 2007, future rights are provided to employees through a defined contribution arrangement. The remaining liability in the Group' Consolidated Statement of financial position is related to the service accrued before this change in legal requirement.

Contributions paid to the defined contribution plan in Italy amount to K€ 148 for the period ended March 31, 2012.

The following tables summarize the components of net benefit expense recognized in the income statement and the unfunded status and amounts recognized in the statement of financial position for these plans:

In thousand of €	March 31, 2012	March 31, 2011
Current service cost	247	132
Interest cost	91	135
Net benefit expense	**338**	**267**
recognized in operating income	247	132
recognized in financial income	91	135

The position recorded in the consolidated statement of financial position breaks down as follows:

In thousand of €	March 31, 2012	March 31, 2011
Benefit obligation	4,284	3,273
Fair value of plan assets	—	—
Unfunded status	**(4,284)**	**(3,273)**
Unrecognized prior service cost	—	—
Net periodic benefit cost	**(4,284)**	**(3,273)**

The company's liability for defined benefit plans is K€ 4,284 as of March 31, 2012.

Changes in employee benefit obligation are as follows:

In thousand of €	March 31, 2012	March 31, 2011
Benefit obligation at March 31 2011	3,273	—
Benefit obligation from business combination	—	3,381
Current service cost	247	132
Interest cost	91	135
Actuarial (gains) and losses	665	(237)
Benefits paid	9	(137)
Benefit obligation at March 31, 2012	**4,284**	**3,273**

The cumulative amounts of actuarial (gains) and losses (before taxes) recognized in the consolidated statements of comprehensive income are as follows:

In thousand of €	March 31, 2012
Balance at opening	237
Net actuarial (losses)/gains during the period	(664)
Balance at March 31	**(427)**

For the French retirement indemnities plan, the benefit obligation, and the experience actuarial gains (losses) are as follows:

In thousand of €	March 31, 2012	March 31, 2011
Benefit obligation at April 1st	3,934	2,932
Experience adjustments generated on the benefit obligation		
In amount	(202)	28
In percentage of the benefit obligation	-5%	1%

The principal assumptions used in determining defined benefit obligation for the French retirement indemnities plan are shown below:

In thousand of €	March 31, 2012	March 31, 2011
Discount rate	3.34%	4.69%
Average expected rate of salary increase	3.20%	3.20%
Withdrawal rates	[0% – 21.5%]	[0% – 21.5%]

For the French retirement indemnities plan, a decrease of 0.25% of the discount rate would increase the defined benefit obligation of approximately K€ 193. An increase of 0.25% of the discount rate would decrease the defined benefit obligation of approximately K€ 182.

22. Share-based payment plans

Shares subscribed by some managers

At the time of the investment of Lion Capital fund in the capital of Picard Group, some managers of Picard have been given the option for subscribing to shares of the ultimate parent company. Those investments were made through few dedicated companies held by the managers and Lion Capital fund.

Three share plans have been granted:

- A first preferred share plan and an ordinary share plan for which the subscriptions were realized at fair value; thus no share-based payment expense was recognized for them.
- Another preferred share plan for which the trigger of payments is linked to the internal rate of return.

The third preferred share plan is equity-settled. The following table presents the mains features of this plan:

Date of the board	01/11/2010
Number of instruments	2,280,714
Performance conditions	Yes

These preferred shares shall arise only in the event of an exit (change of control or initial public offering), as follows:

- If the Internal Rate of Return (IRR) is strictly below 8%, the financial right attached to the preferred shares shall be equal to zero;
- If the Internal Rate of Return (IRR) is at least equal to 8% but below 20%, then the financial right attached to the preferred shares shall amount to 10% of the Extra Capital gains over an IRR of 8%;
- If the Internal Rate of Return (IRR) is at least equal to 20% but below 30%, then the financial right attached to the preferred shares shall amount to 15% of the Extra Capital gains over an IRR of 8%;
- If the Internal Rate of Return (IRR) is more than 30%, then the financial right attached to the preferred shares shall amount to 20% of the Extra Capital gains over an IRR of 8%.

Fair value and expense to be recognised

The fair value of the preferred shares is estimated at the grant date using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the share were granted. The inputs of that model were the share price, exercise price, expected volatility, expected dividends and the risk free interest rate.

The company being unlisted, the expected volatility has been determined as an average of historical volatility of comparable companies, in accordance with IFRS 2 requirements.

	Assumptions at grant date
Dividend yield (%)	0%
Average expected volatility (%)	23%
Average Risk-free interest rate (%)	1.65%
Model used	Monte Carlo

The fair value of these instruments and the resulting expenses are presented below:

	Preferred Shares
Fair value of preferred shares(M€)	6.2
Subscription price of preferred shares (M€)<	2.3
2012 expense (M€)	1.0

23. Trade and other payables

In thousand of €	March 31, 2012	March 31, 2011
Trade payables	149,669	143,501
Payables to suppliers of fixed assets	8,174	8,354
Social liabilities	43,926	44,041
Tax payables	4,211	3,937
Other payables	47	260
Trade and other payables	**206,027**	**200,093**

Social liabilities include variable components of salaries which are not due for payment yet, accrued costs in relation with paid vacations, “recoverable” days in accordance with the agreement concerning the “Reduction of working time”, and legal and contractual profit sharing.

24. Related party disclosures

The consolidated financial statements include the financial statements of the Group and the subsidiaries listed in Note 28.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

		Dividends from related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
		€000	€000	€000	€000
Associate: **Primex International SA**	**March 31, 2011**	156	24,391	—	5,945
Associate: **Primex International SA**	**March 31, 2012**	201	43,080	1	5,157

* Amounts are classified as trade receivables / trade payables respectively

Compensation of key management personnel of the Group for the period are:

	March 31, 2012	March 31, 2011
	€000	€000
Total compensation paid to key management personnel	1,554	1,142

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

25. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on commercial premises and warehouses. These leases have an average life of three years with renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2012 are as follows:

In thousand of €	Total	Less than one year	Between 1 and 5 years	More than 5 years
Operating leases	104,978	46,028	50,940	8,010

Bank covenants

As of March 31, 2012, bank covenants are respected by the Group.

Mortgages and pledges

Following guarantees have been granted to secure the issuance of bonds for M€ 300 and the bank loan for M€ 625:

- Pledges over all the shares of Lion Polaris 3 SA, Lion Polaris 4 SA, Lion Polaris II, Picard Groupe SAS, Picard Surgelés SAS and Picard Surgelati;
- Pledges over the LuxCo 3 PECS and Lion Polaris 4 SA PECS
- Pledges over the receivables under the Lion Polaris 3 SA proceeds Loan, Lion Polaris 4 SA proceeds Loan, Lion Polaris II proceeds Loan;
- Pledges over bank accounts

Material intellectual property rights have been granted to secure the M€ 50 Revolving Credit Facility.

Partnership

The Picard Surgelés SAS subsidiary enters into frame agreements with some of its suppliers with a commitment on an annual volume of purchase. Suppliers may produce and store products dedicated to Picard Surgelés SAS.

Nevertheless, the transfer of ownership of these products occurs only at delivery of goods in Picard Surgelés SAS or subcontractors warehouses.

26. Events after the reporting period

A tax audit for Lion Polaris (renamed Picard Group S.A.S) concerning the year ended March 31, 2011 is currently in process. Due to the uncertainty of any potential amount of the tax reassessment, no provision has been booked by the Group in the financial statements as of March 31, 2012.

27. Employees

Number of employees	**March 31, 2012**	**March 31, 2011**
Employees “Cadres”	179	173
Employees “Agents de maîtrise”	1,063	1,044
Other employees	3,361	3,386
Total employees	**4,603**	**4,603**

28. Consolidated entities

			As of March 31, 2012		**As of March 31, 2011**	
Name	**Country of incorporation**	**Consolidation method**	**% of Interest**	**% of control**	**% of interest**	**% of control**
Picard Bondco S.A.	Luxembourg	Full	100.00%	100.00%	100.00%	100.00%
Lion/Polaris Lux 3 S.A.	Luxembourg	Full	100.00%	100.00%	100.00%	100.00%
Lion/Polaris Lux 4 S.A.	Luxembourg	Full	100.00%	100.00%	100.00%	100.00%
Picard Groupe SAS	France	Full	100.00%	100.00%	100.00%	100.00%
Lion Polaris II	France	Full	100.00%	100.00%	100.00%	100.00%
Picard Groupe*	France	Full	n/a	n/a	100.00%	100.00%
Picard International SAS	France	Full	100.00%	100.00%	100.00%	100.00%
Picard Surgelés SAS	France	Full	100.00%	100.00%	100.00%	100.00%
Picard I Surgelati SPA	Italy	Full	100.00%	100.00%	100.00%	100.00%
Primex International SA	France	Equity method	37.21%	37.21%	37.21%	37.21%

* Picard Groupe was merged into former Lion Polaris (renamed Picard Groupe SAS)

29. Statutory Auditor’s fees

The total fees paid by the Group to the statutory auditors and their networks are as follow:

In thousand of €	**March 31, 2012**
Pricewaterhousecoopers	424
MBV	50
KPMG	72
Total fees	**546**

Picard Bondco Group

Consolidated Financial Statements
For the period beginning August 9, 2010
and ending March 31, 2011

Audit report

To the Shareholder of
Picard Bondco S.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Picard Bondco S.A., which comprise the consolidated statement of financial position as at 31 March 2011, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 9 August 2010 to 31 March 2011 and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility 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 as 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 judgment of the "Réviseur d'entreprises agréé" 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Picard Bondco S.A. as of 31 March 2011, and of its consolidated financial performance and its consolidated cash flows for the period from 9 August 2010 to 31 March 2011 in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers S.à r.l., 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg
T: +352 494848 1, F:+352 494848 2900, www.pwc.lu

Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°00123693)
R.C.S. Luxembourg B 65 477 - Capital social EUR 516 950 - TVA LU17564447

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

PricewaterhouseCoopers S.à r.l. Luxembourg, 1 July 2011

Represented by

Pascal Rakovsky

Picard Bondco Group

Consolidated Income Statement

(In thousand of €)	Notes	March 31, 2011
Sales of goods	***6***	707,994
Cost of good sold		(408,519)
Gross profit		**299,475**
Other operating income	***7.1***	3,313
Other purchase and external expenses		(93,690)
Taxes		(10,661)
Personal expenses	***7.3***	(78,575)
Depreciation, amortization and provisions allowances		(16,322)
Other operating expenses	***7.2***	(26,612)
Operating profit		**76,928**
Finance costs	***7.4***	(35,397)
Finance income	***7.4***	1,131
Share of profit in an associate	***8***	540
Income before tax		**43,202**
Income tax expense	***9***	(9,176)
Net income		**34,026**
Attributable to:		
Equity holders of the parent		34,026
Non-controlling interests		—
Earnings per share:		
Basic earnings per share (*in euros*)	***19***	12.88
Fully diluted earnings per share (*in euros*)	***19***	12.88

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco Group

Consolidated Statement of Comprehensive Income

(In thousand of €)	Notes	March 31, 2011
Net income		**34,026**
Net gain / (loss) on cash flow hedges	***12.3***	10,945
Income tax		(3,768)
		7,177
Actuarial gains / (loss) of the period	***21***	237
Income tax		(82)
		155
Other comprehensive income / (loss) for the period, net of tax		*7,332*
Comprehensive income		**41,358**
Attributable to:		
Equity holders of the parent		41,358
Non-controlling interests		—

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco Group

Consolidated Statement of Financial Position

(In thousand of €)	Notes	March 31, 2011
Assets		
Goodwill	***5***	821,006
Property, plant and equipment	***11***	225,495
Other intangible assets	***10***	823,372
Investment in an associate	***8***	8,647
Other non-current financial assets	***12.1***	18,560
Deferred tax asset	***9***	18,953
Total non-current assets		**1,916,033**
Inventories	***14***	81,684
Trade and other receivables	***15***	35,221
Other current financial assets		8,139
Cash and cash equivalents	***16***	81,208
Total current assets		**206,252**
Total assets		**2,122,286**
Equity and liabilities		
Issued capital	***17***	2,642
Share premium	***17***	265,761
Other comprehensive income		7,820
Retained earnings		—
Net income of the period		34,026
Equity attributable to equity holders of the parent		**310,248**
Non-controlling interests		—
Total equity		**310,248**
Non-current liabilities		
MRPs	***17***	381,740
Interest-bearing loans and borrowings	***12.2***	876,460
Provisions	***20***	3,646
Employee benefit liability	***21***	3,273
Deferred tax liability	***9***	308,605
Total non-current liabilities		**1,573,724**
Current liabilities		
Trade and other payables	***23***	200,093
Interest-bearing loans and borrowings	***12.2***	38,224
Other current financial liabilities		—
Total current liabilities		**238,317**
Total liabilities		**1,812,041**
Total equity and liabilities		**2,122,286**

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco Group

Consolidated Statement of Changes in Equity

In thousand of €	Issued capital	Share premium	Cash flow hedge reserve	Actuarial gains / (losses)	Shared Based payment	Total other comprehensive income	Retained earnings	Net income	Total	Non-controlling interest	Total Equity
Opening	**31**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**31**	**—**	**31**
Net income for the period								34,026	34,026	—	34,026
Other comprehensive income			7,177	155		7,332	—		7,332		7,332
Total comprehensive income	—	—	7,177	155	—	7,332	—	34,026	41,358	—	41,358
Capital increase	2,611	265,761							268,372		268,372
Share based payment transactions					488	488	—		488		488
As at 31 March 2011	**2,642**	**265,761**	**7,177**	**155**	**488**	**7,820**	**—**	**34,026**	**310,248**	**—**	**310,248**

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco Group

Consolidated Statement of Cash Flows

In thousand of €	Notes	March 31, 2011
Operating activities		
Operating profit		76,928
Depreciation and impairment of property, plant and equipment		11,917
Amortisation and impairment of intangible assets		3,288
Share-based transaction expense	***7.3***	488
Gain on disposal of property, plant and equipment		334
Other non cash operating items		38
Movements in provisions and pensions		523
Interest received		878
Dividends received from associate	***8***	156
Income tax paid		(20,337)
Operating cash flows before change in working capital requirements		*74,213*
Change in Inventories		81,684
Change in trade and other receivables and prepayments		35,221
Change in trade and other payables		200,093
Working capital from acquisition		(296,722)
Net cash flows from operating activities		**94,489**
Investing activities		
Proceeds from sale of property, plant and equipment		946
Purchase of property, plant and equipment		(12,655)
Purchase of intangible assets		(2,833)
Acquisition of subsidiaries, net of cash acquired	***4***	(874,517)
Purchase of financial instruments		(8,363)
Proceeds from sale of financial instruments		4,081
Net cash used in investing activities		**(893,341)**
Financing activities		
Issuance of shares	***17***	650,111
Payment of finance lease liabilities		(4,094)
Proceeds from borrowings	***3.2***	880,437
Repayment of borrowings	***3.2***	(638,185)
Interest paid		(9,216)
Dividends paid to equity holder of the parent		—
Net cash flows from/(used in) financing activities		**879,053**
Net increase / (decrease) in cash and cash equivalents		80,201
Cash and cash equivalents at beginning of the period		31
Cash and cash equivalents at 31 March	***16***	**80,232**

The accompanying notes form an integral part of these consolidated financial statements

Picard Bondco Group

Notes to the Consolidated Financial Statements

1. Corporate information

Picard Bondco (previously named Lion Polaris Lux 2 S.A.) is a limited company, which was incorporated on August 9, 2010 and is domiciled in Luxembourg. The registered office is located at L-1931 Luxembourg, 13-15, avenue de la Liberté.

Picard Bondco is an affiliate (fully controlled) of Lion Polaris Lux 1 S.à.r.l..

Picard Bondco was incorporated for the purpose of acquiring Picard Group S.A. ("Picard Group"), the leader in the frozen food production and distribution business in France. The acquisition was completed on October 14, 2010.

Picard Bondco Group ("the Company") and its subsidiaries (together "the Group") operate in the frozen food production and distribution business, mainly in France. The Group financial year ends on March 31st.

2. Accounting principles

2.1 Basis of preparation

The consolidated financial statements cover the period from August 9, 2010 to March 31, 2011. They consist in the first Picard Bondco Group's consolidated financial statements and therefore do not contain any comparative figure.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except when otherwise indicated.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and as adopted by the European Union and effective for financial years beginning on or after August 9, 2010.

The Group did not early adopt any new or amended IFRS, adopted by the European Union, and particularly:

- IAS 24 *Related Party Disclosures (Amendment)*

  The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities.

- IFRIC 14 *Prepayments of a Minimum Funding Requirement (Amendment)*

  The amendment to IFRIC 14 is effective for annual periods beginning on or after January 1, 2011 with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

- Annual Improvements to IFRS (May 2010)

  The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. Some of the amendments remain to become effective for annual periods on or after January 1, 2011.

The Group is currently reviewing them to measure the potential impact on the consolidated financial statements. At this stage, the Group does not anticipate any significant impact.

The Group did not apply any new or amended IFRS, which has not been adopted by the European Union:

- Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters* (Revised 2008)
- Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*

- Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*
- Amendments to IAS 12 *Income Taxes: Deferred tax – Recovery of Underlying Assets*
- Amendments to IAS 19 *Employee benefits*
- Amendments to IAS 27 *Separate Financial Statements*
- Amendments to IAS 28 *Investments in Associates and Joint Ventures*
- IFRS 9 *Financial Instruments: Classification and Measurement*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosures of Interests in Other Entities*
- IFRS 13 *Fair Value Measurement*

Basis of consolidation

The Consolidated Financial Statements of the Group comprise the financial statements of the Company and its subsidiaries as at March 31, 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated.

Entities over which the Group has a significant influence are accounted for using the equity method.

2.2 Summary of significant accounting policies

a. Foreign currency translation

The consolidated financial statements are presented in euros (€), which is the company's functional and the Group's presentation currency. Euro is also the functional and presentation currency of all the entities in the Group's perimeter.

b. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the non-controlling interest in the acquiree is measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units or group of cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Under the definition of IAS 36, the Group identified cash-generating units, and group of cash-generating units, which are defined in Note 13.

c. Investment in associate

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

The share of profit of associates is shown on the face of the income statement on the line "Share of profit in associate". This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the parent company and using the same accounting policies. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on purchase of the goods by the customer.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

e. Operational expenses

The Group benefits from some tax credits generated by its activity. Such tax credits are deemed to be equivalent to grants related to income and are thus deducted from related expenses.

f. Income taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except specific conditions (initial recognition of an asset or liability in a transaction that is not a business combination that affects neither the accounting profit nor taxable profit or loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

New tax regulations in France, applicable as of January 1, 2010

Under France's 2010 Budget Act, enacted on December 30, 2009, French tax entities are subject to two new taxes:

- the Business Contribution on Property (Cotisation foncière des entreprises, or CFE), assessed on the rental value of real property under the current business tax;
- the Business Contribution on Value-Added (Cotisation sur la valeur ajoutée des entreprises, or CVAE), assessed on the value-added determined from the corporate financial statements.

The Group has examined its tax accounting in France in light of the IFRS standards, taking into account the most recent analyses available on tax accounting, notably those provided by the IFRIC. The CVAE, which, based on the Group's analysis, meets the definition of a tax on earnings as set forth in IAS 12, Taxes due on the basis of taxable profit. In conducting its analysis, the company took into consideration the decisions by the IFRIC in March 2006 and May 2009 not to consider the scope of application of the IAS 12 standard, 'Income Taxes'. The IFRIC stated that, in order to fall within the scope of IAS 12, a tax must be calculated on the basis of net proceeds and expenses, and this net amount may differ from net income for accounting purposes. The Group concluded that the CVAE fulfilled the requirements identified in this finding, insofar as value-added represents the intermediate level of income that is systematically used as the tax base in calculating the amount of CVAE owed under French tax law.

In accordance with the provisions of IAS 12, the CVAE having been identified as an income tax, deferred taxes relating to temporary differences have been recorded. As of March 31, 2011, the CVAE is shown and accounted for on the 'Income tax' line.

g. Pensions and other post employment benefits

The Group operates two defined benefit pension schemes, as detailed in Note 21. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur.

The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds, as explained in Note 21).

The defined benefit expense is recognized through operating income for the service cost component of the expense and through financial income for the interest cost component.

h. Share based payment transactions

Some employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in Note 22.

The cost of equity-settled transactions is recognised as an expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

i. Financial liabilities – initial recognition and subsequent measurement

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition. The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss. Financial liabilities within the scope of IAS 39 are classified as loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

<u>Loans and borrowings</u>

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement.

<u>Derecognition</u>

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 12.

j. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, those derivatives that respect criteria of hedge effectiveness are classified as cash flow hedges.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the income statement over the remaining term to maturity. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in the income statement. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Refer to Note 12 for more details about interest rate swap contracts as at March 31, 2011 (hedges of the Group's exposure to interest rate risks).

k. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Lands are not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings and building improvements 20 years
- Operating equipment 5 to 10 years
- Transportation equipment 4 years

- Computers and hardware 3 to 5 years
- Furniture 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the line "other operating expenses" when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

l. Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement in the line "finance costs".

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Payments made to the lessor in order to secure the right to obtain a lease agreement are recognised as prepayments and amortised over the initial lease term.

m. Intangible assets

Trademark

Trademarks acquired through business combination are not amortized when their useful life is deemed to be indefinite.

Trademarks which are not amortized are tested for impairment annually and each time there is an indication that it may be impaired.

Leasehold rights

Leasehold rights are constituted by sums paid to the owners of this right (former tenants) at the opening of new stores. Gross values recorded on the Consolidated Statements of financial position stated at cost. Because of the legal protection attached in France to leasehold rights, the group considered that these intangible assets should not be amortized.

Software

Software acquired by the Company are booked as intangible assets at their original cost. They are depreciated under the straight-line method over a maximal period of 3 years.

Software developed by the Group for its internal use are recorded as intangible assets at their development cost and are depreciated under the straight-line method over a maximal period of 3 years.

n. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined under the weighted average cost method and does not generate a significant difference from the FIFO method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

o. Impairment of non-financial assets

Cash-generating units (CGU)

A cash-generating unit is 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.

The cash-generating unit is defined by Management as the store, with two main groups of cash-generating units, based on geographical implantation in:

- France, and
- Italy

Impairment analysis

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the groups of cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of four years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fourth year.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount.

<u>Goodwill</u>

Goodwill is tested for impairment annually at year end and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit or group of cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating unit or group of cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

<u>Other intangible assets</u>

Other intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit or group of cash-generating units level, as appropriate and when circumstances indicate that the carrying value may be impaired.

p. Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand, short-term deposits and highly liquid securities with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, short-term deposits and highly liquid securities as defined above, net of outstanding bank overdrafts.

q. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that can affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Group management reviews these estimates and assumptions on a regular basis to ensure that they are appropriate based on past experience and current economic condition. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Further details about assumptions and sensitivity of valuations are disclosed in Note 13.

Employee benefits liabilities

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future withdrawal rates of employees. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables in France. Future salary increases and expected withdrawal rates of employees are based on expectation of management and on past practices over recent years.

Further details about the assumptions used are given in Note 21.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21.

4. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to raise finances for the Group's operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Financial instruments affected by market risk include loans and borrowings, deposits, and derivative financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

To manage this risk, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

At March 31, 2011, after taking into account the effect of interest rate swaps, the net debt of the Group is at a fixed rate of interest, and there is no material sensitivity to a reasonably possible change in interest rates, after the impact of hedge accounting.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Considering its activity, the Group is not exposed to credit risk from operating activities. Furthermore, the Group is not exposed to material credit risk from its financing activities (deposits with banks and financial institutions and other financial instruments) as investments of surplus funds are made only with approved counterparties.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, and finance leases. 4.2% of the Group's debt will mature in less than one year at March 31, 2011 based on the carrying value of borrowings reflected in the financial statements.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments at the maturity date.

In thousands of €

Year ended 31 March 2011	**Less than one year**	**1 to 5 years**	**over 5 years**	**Total**
Fixed rate borrowing	(27,300)	(109,575)	(382,200)	(519,075)
Obligations under finance lease	(5,799)	(3,052)	(784)	(9,635)
Floating rate borrowings	(46,016)	(277,526)	(491,176)	(814,717)
Trade and other payables	(200,093)			(200,093)
Financial derivatives	(1,220)	(1,608)	—	(2,828)
	(280,428)	**(391,760)**	**(874,160)**	**(1,546,348)**

5. Business combinations

As of October 14, 2010, the Group completed the acquisition of 100% of Picard Group S.A., the leading frozen food wholesaler in France. This acquisition has been consolidated from that date. The total consideration of the transaction was M€ 1,000. Pursuant to this agreement, the Group acquired the entire ownership of the company's shares.

The allocation of the purchase price is based upon the fair values of assets acquired and liabilities assumed as determined on a provisional basis as of March 31, 2011 as detailed below:

In thousand of €	
Brand	780,000
Other intangible assets	41,871
Property, plant and equipment	226,295
Investment in associates	8,263
Other financial assets	8,858
Inventories	75,724
Trade and other receivables	35,221
Interest-bearing loans and borrowings	(636,367)
Other financial liabilities	(11,368)
Trade and other payables	(172,275)
Deferred tax liabilities	(296,784)
Other liabilities	(5,926)
Net assets acquired excluding goodwill (A)	**53,512**
Consideration transferred to former owners	1,000,000
less cash acquired	(125,483)
Net cash outflow (B)	**874,517**
Preliminary Goodwill (B) – (A)	**821,006**

Assets and liabilities acquired

In accordance with IFRS 3, the Group recognised, separately from goodwill, identifiable assets acquired and liabilities assumed (no non-controlling interest in Picard Group).

In particular, the Group measured at fair values the following identifiable assets at the acquisition date:

i) The trade name Picard which meets the criteria for recognition as an intangible asset under IAS 38 Intangible assets and, therefore, has been recognized separately from Goodwill for M€ 780. This trade name has an indefinite lifetime in the main companies of Picard Group (Picard Surgelés and Picard I Surgelati Spa). Its fair value has been estimated on a distribution channel level using the relief-from-royalty method. Deferred taxes liabilities have been recognized for M€ 268.6.

ii) Lands which have been recognised at fair value at the acquisition date leading to a step up of M€ 1.9. Deferred taxes liabilities have been recognized on this revaluation for M€ 0.7.

iii) Moreover, a bonus of M€ 5.2, granted to employees by Picard Groupe before the acquisition date, has been recognised as payable at the acquisition date.

The Group considers that the initial accounting for the business combination might be completed for following items during the measurement period, based on supplementary valuation proceeds:

- Leasehold rights have been maintained at their historic net booked value (M€ 34.3 as at March 31, 2011), which might be different from their fair value.
- Contingent liabilities assumed in the business combination might be recognized regarding a tax reassessment and a legal action against Picard Groupe.

6. Operating segment information

For management purposes, the group is organised into business units based on distribution network and has two reportable operating segments as follows:

- France
- Italy

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Group financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

In thousand of €	France	Italy	Total
Sales	697,737	10,257	707,994
Operating profit	76,218	710	76,928

7. Other income/expenses

7.1. Other operating income

In thousand of €	March 31, 2011
Capitalized expenses	319
Gain on non-current assets disposed of	690
Government grants	786
Other income	1,518
Total other operating income	**3,313**

7.2. Other operating expenses

In thousand of €	March 31, 2011
Royalties	(213)
Losses on bad debt	(334)
Loss on non-current assets disposed of	(221)
Non-recurring Expenses related to Picard Group acquisition	(20,537)
Other expenses	(5,307)
Total other operating expenses	**(26,612)**

Non-recurring expenses related to Picard Group are linked to consulting fees.

7.3. Personal expenses

In thousand of €	Notes	March 31, 2011
Wages and salaries		46,313
Social security costs		16,488
Pension costs		132
Employee profit sharing		11,264
Share-based payment transaction expense	22	488
Other employee benefits expenses		3,891
Total personal expenses		**78,575**

7.4. Finance income and expenses

In thousand of €	March 31, 2011
Interest expenses	(34,972)
Interest costs of employee benefits	(135)
Foreign exchange losses	(1)
Provision Allowances on other financial assets	(69)
Other financial expenses	(220)
Finance costs	**(35,397)**
Income on loans and receivables	651
Income on short term investment	363

In thousand of €	March 31, 2011
Reversal of provisions on other financial assets	5
Other financial income	112
Finance income	**1,131**

As of March 31, 2011, other financial expenses mainly relate to the loss on termination of former interest rate swaps. As this was extinguishment of liabilities under IAS 39, the difference between the carrying amount of the financial liability extinguished and the consideration paid was recognized in profit or loss for the period.

8. Investment in associate

The Group has a 37.21% interest in Primex International SA, which is involved in importation and wholesale of meat and sea food, both fresh and frozen.

Primex International is a private entity incorporated in France that is not listed on any public exchange. The following table illustrates summarised financial information of the Group's investment in Primex International SA:

In thousand of €	March 31, 2011
Share of the associate's statement of financial position:	
Current assets	13,041
Non-current assets	112
Current liabilities	4,694
Non-current liabilities	—
Equity	**8,459**
Share of the associate's revenue and profit:	
Revenue	16,518
Profits	540
Carrying amount of the investment	**8,647**

Variations during the period were the following:

In thousand of €	March 31, 2011
Carrying value at opening	—
Acquisition through business combination	8,263
Share of profit in an associate	540
Distribution of dividends	(156)
Carrying value	**8,647**

9. Income tax expense

In thousand of €	March 31, 2011
Current tax	(20,161)
Deferred tax	10,985
Total income tax expense	**(9,176)**

A reconciliation between tax expense and accounting profit (based on French's domestic tax rate for the period ended March 31, 2011) is as follows:

In thousand of €	2011,03
Income before tax	43,258
At French statutory income tax rate of 34.43%	(14,894)
Effect of tax rates in foreign jurisdictions	7,885
Effect of non deductible expenses/taxable income	(99)
– Share of profit in associate	205

In thousand of €	2011,03
– Other non taxable income	18
– Other non deductible expenses	(322)
Unrecognised tax losses	(261)
Effect of CVAE expense	(1,905)
Amortization of deferred tax related to CVAE	97
Total income tax expense	**(9,176)**

Deferred tax

Deferred tax relates to the following:

In thousand of €	Consolidated statement of financial position March 31, 2011	Consolidated income statement March 31, 2011
Recognition of Picard brand	(268,554)	—
Accelerated depreciation for tax purposes	(14,992)	—
Revaluation of lands and buildings to fair value	(22,477)	(379)
Consolidation of financial leases	(668)	7
Fair value of financial debt	(12,651)	(12,971)
Financial instruments at fair value	(3,770)	(3,912)
Pension	1,009	50
Employees profit sharing	4,383	165
Inventories valuation	(261)	(69)
CVAE deferred tax	(1,844)	97
Tax losses carried forward	29,749	29,749
Other deferred charges	423	(1,750)
Deferred Tax income/(expense)		**10,985**
Deferred Tax asset/(liability)	**(289,652)**	
Reflected in the statement of financial position as follows:		
Deferred tax assets	18,953	
Deferred tax liabilities	(308,605)	
Deferred tax liability net	**(289,652)**	

Contribution on companies' value added (CVAE)

2010 French Finance Law established the contribution on companies' value added (CVAE) as a replacement of the former local business tax. The group elected to account for this tax as income tax according to IAS 12. As a consequence, related expenses (which amount to K€ 2,905) are presented on the line "income tax" from October 14, 2010.

Value added calculation, which is the tax base of this contribution, does not include assets depreciation expenses and several other provision expenses. A deferred tax liability has been recognised for an amount of K€ 1,844.

10. Other intangible assets

In thousand of €	Software	Brand	Leasehold rights	Other intangible assets	Total intangible assets
Cost:					
Opening	—	—	—	—	—
Acquisitions through business combinations	12,244	780,000	33,957	6,444	**832,645**
Additions	8,255		680		**8,935**
Disposals	(635)		(120)	(6,102)	**(6,857)**
At 31 March 2011	**19,864**	**780,000**	**34,517**	**342**	**834,723**

In thousand of €	Software	Brand	Leasehold rights	Other intangible assets	Total intangible assets
Depreciation and impairment:					
Opening	—	—	—	—	**—**
Acquisitions through business combinations	(10,465)	—	(317)	—	**(10,782)**
Additions	(1,196)			(11)	**(1,207)**
Disposals	535		103		**638**
At 31 March 2011	**(11,126)**	**—**	**(214)**	**(11)**	**(11,351)**
Net book value:					
Opening	**—**	**—**	**—**	**—**	**—**
At 31 March 2011	**8,738**	**780,000**	**34,303**	**331**	**823,372**

11. Property, plant and equipment

In thousand of €	Land	Buildings	Technical fittings Machinery and equipment	Other tangible assets	Total Tangible assets
Cost:					
Opening	—	—	—	—	—
Acquisitions through business combinations	35,027	59,306	153,550	183,723	431,606
Additions	—	79	6,232	6,137	12,448
Disposals	(220)	(162)	(3,364)	(598)	(4,344)
At 31 March 2011	**34,807**	**59,223**	**156,418**	**189,262**	**439,710**
Depreciation and impairment:					
Opening	—	—	—	—	—
Acquisitions through business combinations		(11,683)	(92,962)	(100,666)	(205,311)
Additions		(1,983)	(5,509)	(4,898)	(12,390)
Disposals		1	2,960	525	3,486
At 31 March 2011	**—**	**(13,665)**	**(95,511)**	**(105,039)**	**(214,215)**
Net book value:					
Opening	**—**	**—**	**—**	**—**	**—**
At 31 March 2011	**34,807**	**45,558**	**60,907**	**84,223**	**225,495**

12. Financial assets and financial liabilities

12.1. Other non-current financial assets

In thousand of €	March 31, 2011
Investments	83
Deposits and guarantees	7,526
Cash flow hedges – interest rate swaps	10,951
Other non-current financial assets	**18,560**

12.2. Interest-bearing loans and borrowings

In thousand of €	Effective interest rate	Maturity	March 31, 2011
Current			
Obligations under finance leases			5,799
Accrued interest payable on loans and			21,262

In thousand of €	Effective interest rate	Maturity	March 31, 2011
borrowings			
Senior debt A (225M€) – current portion	Euribor 3M + margin [4.50% – 3.75%]	2016	10,125
Bank overdrafts		On demand	976
Other current borrowings		On demand	62
Total current interest bearing loans and borrowings			**38,224**
Non current			
Obligations under finance leases			3,836
Bonds (300M€)	9.00%	2018	289,103
Senior debt A (225M€)	Euribor 3M + margin [4.50% – 3.75%]	2016	203,786
Senior debt B (400M€)	Euribor 3M + margin 5% 2017		379,735
Total non-current interest bearing loans and borrowings			**876,460**
Total interest bearing loans and borrowings			**914,684**

Bonds

On October 6, 2010, Picard Bondco issued bonds for K€ 300,000. These bonds are payable after 8 years on October 1st, 2018, interests are paid semi-annually based on an interest rate of 9.0%. Bonds are refundable "in fine".

Bank loans

A M€ 625 senior loan was raised as of October 14, 2010 and includes two facilities.

The first one, Senior Debt A (M€ 225), is payable over 6 years, the last repayment date being October 14, 2016. The rate of this loan is a variable rate fixed in reference to a market rate (Euribor 3 months) increased by a banking margin which evolves depending on the level of EBITDA of Picard Bondco.

Under the terms of the Facilities Agreement, the Group must maintain the Leverage ratio below a defined level which evolves until the debt maturity. The leverage Ratio is defined as the ratio of total net debt to EBITDA for a testing period.

The second one, Senior Debt B (M€ 400), is payable "in fine" after 7 years as of October 14, 2017. The rate of this loan is a variable rate fixed in reference to a market rate (Euribor 3 months) increased by a banking margin of 5%.

Former interest-bearing loans and borrowings

Within the framework of the change in control, the senior debt, the bonds and convertible bonds existing at October 14, 2010 were fully repaid.

As at October 14, 2010, the Group made early repayment of the following bank loans:

- The convertible bond entered into as of December 3, 2004 for K€ 19,601 including 2,649,645 bonds with a par value of 10€.
- The bonds entered into as of December 3, 2004 for K€ 252,306 which included 25,230,623 bonds with a par value of 10€.
- The senior loan entered into as of June 27, 2007 for K€ 770,000.

All these loans were redeemed early (October 14, 2010), no penalties were paid for the early repayment.

12.3. Hedging activities and derivatives

Cash Flow Hedges

At March 31, 2011, the Group had an interest rate swap agreement with the following characteristics:

	Notional (M€)	Pay	Receive	Begin date	Maturity date	Accounting Qualification
2011						
Amortized Swap	625	1.3693%	Euribor 3M	14/10/2010	14/10/2013	Cash flow hedge

This derivative is being used to hedge the exposure to changes in future interest cash flows linked to the Senior Debt.

The fair value change of the hedging derivative (2011: K€ 10.945 excluding accrued interest) has been recognized in other comprehensive income. Ineffectiveness recognized in 2011 in P&L amounts to K€ 6.

12.4. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

In thousands euros	Carrying amount	Fair value
	March 31, 2011	March 31, 2011
Financial assets		
Trade and other receivables	35,221	35,221
Other financial assets	26,699	26,699
Cash and cash equivalent	81,208	81,208
Total	**143,129**	**143,129**
Financial liabilities		
Fixed rate borrowings	289,103	317,250
Obligations under finance leases	9,635	9,635
Floating rate borrowings	593,646	593,646
Trade and other payables	200,093	200,093
Bank overdraft	976	976
Total	**1,093,453**	**1,121,600**

The fair value of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at March 31, 2011, the carrying amounts of such receivables, net of allowances, approximate their fair values.
- Fair value of quoted notes and bonds is based on price quotations at Consolidated Statement of financial position date. The fair value of unquoted instruments, loans from banks and other financial indebtedness, obligations under finance leases as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. Because of the lack of similar transactions due to the current economic context, credit spreads of fixed rate borrowings have been considered to be equal to the credit spread applied at the inception of the debt.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The calculation of fair value for derivative financial instruments depends on the type of instruments: Derivative interest rate contracts – The fair value of derivative interest rate contracts (e.g., interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of all interest rate derivatives is level 2.

13. Impairment test of goodwill and other intangible assets with indefinite useful lives

As of March 31, 2011, goodwill recognized through business combinations has been fully allocated to the group of CGU constituted of stores in France. Leasehold rights are followed at store level (CGU). As of March 31, 2011, net booked value of goodwill and other intangible with indefinite useful lives is the following:

In thousand of €	**March 31, 2011**
Goodwill gross value	821,006
Brand gross value	780,000
Leasehold rights gross value	34,517
Impairment of leasehold rights	(214)
Total	**1,635,309**

Goodwill

The recoverable amount of the goodwill has been determined based on a value in use calculation using cash flow projections of French stores taken all together from financial budgets approved by senior management covering a five-year period, with determination of a final value calculated by discounting the five-year figures at the perpetual rate of growth to infinity.

Key assumptions used in the determination of the value in use

The calculation of value-in-use is most sensitive to the following assumptions:

- Discount rate;
- Growth rate used to extrapolate cash flows beyond the budget period.

The discount rate applied to cash flow projections is 10.18% and cash flows beyond the five-year period are extrapolated using a 1.5% growth rate.

As a result of this analysis, no impairment has been recognized by the Group.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of goodwill, the Group estimates that an increase of discount rate by 50 basis points or a decrease of 50 basis points in growth rate would not cause the carrying value of the above cash-generating units to materially exceed its recoverable amount.

Brand

The recoverable amount of the brand « Picard » has been determined based on a value-in-use calculation. The brand was evaluated using the Relief from Royalty method based on cash flow projections provided by management. The business plan covers a five-year period and reflects the whole potential of the French stores which are planned to be opened before March 2012.

The Relief from Royalty method is implemented as follow: the net revenue expected to be generated by the brand during its expected remaining life are multiplied by a selected royalty rate (as it would be defined in an arm's-length royalty or license agreements). The estimated royalty stream after tax is then discounted to present value, which results in an indication of the value of owning the brand.

Key assumptions used in the determination of the value

The calculation of value-in-use is based on the following key assumptions:

- Discount rate;
- Royalty rate;
- Growth rate beyond the five-year forecast period.

The pretax discount rate applied to the cash flow projections is 10.18% and cash flows beyond the five-year period are extrapolated using a 1.5% growth rate.

The royalty rate was computed to reflect the characteristics of the brand, especially its recognition on the frozen food market, and was estimated at 5%.

As a result of this analysis, no impairment has been recognized by the Group.

Leasehold rights

Leasehold rights are tested annually at a store level. If their carrying amount exceeds their recoverable amount, an impairment is recognized for the difference.

14. Inventories

In thousand of €	**2011.03**
Packaging	514
Non packaged finished goods	6,010
Packaged finished goods	76,710
Depreciation	(1,550)
Inventories	**81,684**

15. Trade and other receivables

In thousand of €	**2011.03**
Trade receivables	710
Prepaid expenses	17,038
VAT receivables and other sales taxes	10,597
Other receivables	6,876
Trade and other receivables	**35,221**

16. Cash and cash equivalents

In thousand of €	**2011.03**
Cash at banks and on hand	9,651
Securities	71,557
Cash and cash equivalents	**81,208**

For the purpose of the cash flow statement, cash and cash equivalents are net of bank overdrafts.

In thousand of €	**2011.03**
Cash and cash equivalents	81,208
Bank overdrafts	(976)
Cash and cash equivalents in cash flow statement	**80,232**

17. Issued capital

In thousand of €	Number of shares	Share Capital	Share Premium
At Opening	**31,000**	**31**	**—**
Capital increase	**2,610,726**	**2,611**	**265,761**
At March 31, 2011	**2,641,726**	**2,642**	**265,761**

The capital used by the Group is managed so as to:

- ensure the continuity of the Group's operations;
- maintain an appropriate ratio of shareholders' equity to debt in order to minimize the cost of capital.

In addition, in order to maintain or adjust its capital structure, the Group may be prompted to take out new debt or repay existing debt, adjust the amount of its dividends paid to shareholders, conduct a capital repayment to shareholders, issue new shares or sell assets in order to reduce debt levels.

Mandatory redeemable preferred shares (MRPS)

In thousand of €	Number of shares	Share Capital	Share Premium
At Opening	**10,000**	**10**	**381,730**
At March 31, 2011	**10,000**	**10**	**381,730**

All mandatory redeemable preferred shares (MRPS) issued by the company are redeemable shares. These shares shall be redeemable upon request of the company and in any case after 10 years as from the date of issuance.

Consequently, MRPS have been analysed under IFRS and recognized as financial liabilities in the Consolidated Statement of financial position.

The MRPS will give right to two kinds of preferred dividends as follows:

(a) a preferential and cumulative dividend at the annual rate of 1% of the nominal value of said MRPS, which shall accrue daily and be calculated assuming a 360 day year (the "First Preferred Dividend");

(b) a second preferential and cumulative dividend (the "Second Preferred Dividend") equal to any income received and/or accrued by the Company (net of any withholding taxes suffered) in relation to the preferred equity certificates issued to the Company by its subsidiary Lion/Polaris Lux 3 S.A. (the "PECs"), during the relevant financial year of the Company, less:

  (i) all costs and expenses of the Company – except tax charges – booked during the relevant financial year according to Luxembourg GAAP, to the extent that they relate to the PECs; and

  (ii) the First Preferred Dividend as computed for the relevant financial year.

18. Dividends paid

The Group did not pay any dividends during the period beginning August 9, 2010 and ending March 31, 2011.

19. Earnings per share

Information on the earnings and number of ordinary and potential dilutive shares included in the calculation is presented below:

	March 31, 2011
Net income attributed to Company shareholders (in thousands of euros)	**34,026**
Weighted average number of common shares outstanding (in thousands)	2,642
Non dilutive potential shares (in thousands)	—
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	**2,642**

	March 31, 2011
Basic earnings per share (in euros)	**12.88**
Net income attributed to Company shareholders (in thousands of euros)	**34,026**
Weighted average number of issued common shares and non dilutive potential shares (in thousands)	2,642
Potential dilutive shares (in thousands)	—
Weighted average number of common shares used for the calculation of fully diluted earnings per share (in thousands)	**2,642**
Fully diluted earnings per share (in euros)	**12.88**

20. Provisions

In thousand of €	Risks related to the operations	Disputes and litigations	Total
Provision as opening	—	—	—
Acquisitions through business combinations	936	1,609	2,545
Allowances	13	2,219	2,232
Reversal	(502)	(628)	(1,130)
Provision as at 31.03.11	**447**	**3,200**	**3,646**

Provision for risks related to the operations

The reversal of provision for K€ 502 during the period is mainly explained by the payment of a tax reassessment in France following a tax audit.

Provision for disputes and litigations

These provisions primarily concern provisions for employee litigations, provisions for disputes and provisions for various taxes.

21. Employee benefits

The Group has two defined benefit pension plans, covering substantially all of its Italian and French employees, both of which are unfunded plans. Those two plans are mandatory in France and Italy.

In France, employees are entitled to a lump sum when they retire depending on their length of service and on final salary.

In Italy, employees are entitled to a lump sum when they leave the company. Since 2007, future rights are provided to employees through a defined contribution arrangement. The remaining liability in the Group' Consolidated Statement of financial position is related to the service accrued before this change in legal requirement.

Contributions paid to the defined contribution plan in Italy amount to K€ 94 for the period ended March 31, 2011.

The following tables summarize the components of net benefit expense recognized in the income statement and the unfunded status and amounts recognized in the statement of financial position for these plans:

In thousand of €	March 31, 2011
Current service cost	132
Interest cost	135
Net benefit expense	**267**
recognized in operating income	132
recognized in financial income	135

The position recorded in the consolidated statement of financial position breaks down as follows:

In thousand of €	**March 31, 2011**
Benefit obligation	3,273
Fair value of plan assets	—
Unfunded status	**(3,273)**
Unrecognized prior service cost	—
Net periodic benefit cost	**(3,273)**

The company's liability for defined benefit plans was K€ 3,273 as of March 31, 2011.

Changes in employee benefit obligation are as follows:

In thousand of €	**March 31, 2011**
Benefit obligation at opening	—
Benefit obligation from business combination	3,381
Current service cost	132
Interest cost	135
Actuarial (gains) and losses	(237)
Benefits paid	(137)
Benefit obligation at March 31	**3,273**

The cumulative amounts of actuarial (gains) and losses (before taxes) recognized in the consolidated statements of comprehensive income are as follows:

In thousand of €	**2011,03**
Balance at opening	—
Net actuarial (losses)/gains during the period	237
Benefit obligation at March 31	**237**

For the French retirement indemnities plan, the benefit obligation, and the experience actuarial gains (losses) are as follows:

In thousand of €	**March 31, 2011**
Benefit obligation at opening	—
Benefit obligation from business combination	3,025
Experience adjustments generated on the benefit obligation	
In amount	28
In percentage of the benefit obligation	1%

The principal assumptions used in determining defined benefit obligation for the French retirement indemnities plan are shown below:

In thousand of €	**March 31, 2011**
Discount rate	4.69%
Average expected rate of salary increase	3.20%
Withdrawal rates	[0% – 21.5%]

For the French retirement indemnities plan, a decrease of 0.25% of the discount rate would increase the defined benefit obligation of approximately K€ 136. An increase of 0.25% of the discount rate would decrease the defined benefit obligation of approximately K€ 129.

22. Share-based payment plans

Shares subscribed by some managers

At the time of the investment of Lion Capital fund in the capital of Picard Group, some managers of Picard have been given the option for subscribing to shares of the ultimate parent company. Those investments were made through few dedicated companies held by the managers and Lion Capital fund.

Three share plans have been granted:

- A first preferred share plan and an ordinary share plan for which the subscriptions were realized at fair value; thus no share-based payment expense was recognized for them.
- Another preferred share plan for which the trigger of payments is linked to the internal rate of return.

The third preferred share plan is equity-settled. The following table presents the mains features of this plan:

Date of the board	01/11/2010
Number of instruments	2,280,714
Performance conditions	Yes

These preferred shares shall arise only in the event of an exit (change of control or initial public offering), as follows:

- If the Internal Rate of Return (IRR) is strictly below eight percent 8%, the financial right attached to the preferred shares shall be equal to zero;
- If the Internal Rate of Return (IRR) is at least equal to 8% but below 20%, then the financial right attached to the preferred shares shall amount to 10% of the Extra Capital gains over an IRR of 8%;
- If the Internal Rate of Return (IRR) is at least equal to 20% but below 30%, then the financial right attached to the preferred shares shall amount to 15% of the Extra Capital gains over an IRR of 8%;
- If the Internal Rate of Return (IRR) is more than 30%, then the financial right attached to the preferred shares shall amount to 20% of the Extra Capital gains over an IRR of 8%.

Fair value and expense to be recognised

The fair value of the preferred shares is estimated at the grant date using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the share were granted. The inputs of that model were the share price, exercise price, expected volatility, expected dividends and the risk free interest rate.

The company being unlisted, the expected volatility has been determined as an average of historical volatility of comparable companies, in accordance with IFRS 2 requirements.

	Assumptions at grant date
Dividend yield (%)	0
Average expected volatility (%)	23%
Average Risk-free interest rate (%)	1.65%
Model used	Monte Carlo

The fair value of these instruments and the resulting expenses are presented below:

	Preferred Shares
Fair value of preferred shares (M€)	6.2
Subscription price of preferred shares (M€)	2.3
2011 expense (M€)	0.5

23. Trade and other payables

In thousand of €	March 31, 2011
Trade payables	143,501
Payables to suppliers of fixed assets	8,354
Social liabilities	44,041
Tax payables	3,937
Other payables	260
Trade and other payables	**200,093**

Social liabilities include variable components of salaries which are not due for payment yet, accrued costs in relation with paid vacations, “recoverable” days in accordance with the agreement concerning the “Reduction of working time”, and legal and contractual profit sharing.

24. Related party disclosures

The consolidated financial statements include the financial statements of the Group and the subsidiaries listed in Note 27.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

		Dividends from related parties	Purchases from related parties	Amounts owed by related parties*	Amounts owed to related parties*
		€000	€000	€000	€000
Associate:					
Primex International SA	March 31, 2011	156	24,391	—	5,945

*   Amounts are classified as trade receivables / trade payables respectively

Compensation of key management personnel of the Group for the period are:

	March 31, 2011
	€000
Total compensation paid to key management personnel	**1,142**

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel.

25. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on commercial premises and warehouses. These leases have an average life of three years with renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at March 31, 2011 are as follows:

In thousand of €	Total	Less than one year	Between 1 and 5 years	More than 5 years
Operating leases	98,363	42,545	47,390	8,428

Mortgages and pledges

Following guarantees have been granted to secure the issuance of bonds for M€ 300 and the bank loan for M€ 625:

- Pledges over all the shares of LuxCo 3, LuxCo 4, Lion Polaris II, Lion Polaris I, Picard Groupe SA, Picard Surgelés and Picard Surgelati;
- Pledges over the LuxCo 3 PECS and LuxCo 4 PECS
- Pledges over the receivables under the LuxCo 3 proceeds Loan, LuxCo 4 proceeds Loan, Lion Polaris II proceeds Loan and the Lion Polaris proceeds Loan;
- Pledges over bank accounts

Material intellectual property rights have been granted to secure the M€50 Revolving Credit Facility.

Partnership

The Picard Surgelés subsidiary enters into frame agreements with some of its suppliers with a commitment on an annual volume of purchase. Suppliers may produce and store products dedicated to Picard Surgelés.

Nevertheless, the transfer of ownership of these products occurs only at delivery of goods in Picard Surgelés or subcontractors warehouses.

Tax proceedings

A tax audit of the Company concerning the years ended March 31, 2005, 2006 and 2007 is currently in process. The Picard Surgelés and Financière Fontainebleau (a previous holding company of Picard which was set up in connection with a previous LBO and subsequently merged with Picard Group S.A.) portions of the audit have been completed. Tax authorities notified the Group of a proposed correction of 11.3 M€, which translates into a maximum tax liability of approximately of 4.4 M€ (including approximately 0.5 M€ of late payment interest fees). The Group challenges this proposed correction, and have not provisioned for the proposed correction in the financial statements due to the uncertainty of the proposal and of the final amount of the tax reassessment.

26. Events after the reporting period

None.

27. Employees

Number of employees	**March 31, 2011**
Employees “Cadres”	173
Employees “Agents de maîtrise”	1,044
Other employees	3,386
Total employees	**4,603**

28. Consolidated entities as of March 31, 2011

Name	**Country of incorporation**	**Consolidation method**	**% of interest**	**% of control**
Picard Bondco	Luxembourg	Full	100.00%	100.00%
Lion/Polaris Lux 3	Luxembourg	Full	100.00%	100.00%
Lion/Polaris Lux 4	Luxembourg	Full	100.00%	100.00%
Lion Polaris	France	Full	100.00%	100.00%
Lion Polaris II	France	Full	100.00%	100.00%
Picard Groupe	France	Full	100.00%	100.00%
SA OBO 6	France	Full	100.00%	100.00%
Picard Surgelés	France	Full	100.00%	100.00%
Picard I Surgelati	Italy	Full	100.00%	100.00%
Primex International	France	Equity method	37.21%	37.21%
Frozenciv	France	Not integrated	16.26%	51.00%

Although Picard Group holds 51% of control on Frozenciv, this entity being an ad hoc structure with no operating activity, this control is ineffective. Consequently, this entity was not consolidated in the group Consolidated Financial Statements.

29. Statutory Auditor’s fees

The total fees paid by the Group to the statutory auditors and their networks are as follow:

In thousand of €	**March 31, 2011**
Pricewaterhousecoopers	306
MBV	16
Total fees	**322**

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€480,000,000 Floating Rate Senior Secured Notes due 2019

OFFERING MEMORANDUM

October 3, 2013