



**CHF 2,016,510,000 (equivalent) Senior Secured Notes and Senior Notes**

**CHF 1,758,010,000 (equivalent) Senior Secured Notes**

**CHF 450,000,000 3.625% Senior Secured Notes due 2022**

**€1,000,000,000 3.875% Senior Secured Notes due 2022**

**€265,000,000 Floating Rate Senior Secured Notes due 2022**

**issued by**

**Matterhorn Telecom S.A.**

**€250,000,000 4.875% Senior Notes due 2023**

**issued by**

**Matterhorn Telecom Holding S.A.**

Matterhorn Telecom S.A., a *société anonyme* organized and existing under the laws of the Grand Duchy of Luxembourg (the “Senior Secured Notes Issuer”), is offering CHF 1,758,010,000 (equivalent) aggregate principal amount of its Senior Secured Notes due 2022 comprising CHF 450,000,000 aggregate principal amount of its 3.625% Senior Secured Notes due 2022 (the “CHF Fixed Rate Senior Secured Notes”), €1,000,000,000 aggregate principal amount of its 3.875% Senior Secured Notes due 2022 (the “Euro Fixed Rate Senior Secured Notes” and, together with the CHF Fixed Rate Senior Secured Notes, the “Fixed Rate Senior Secured Notes”) and €265,000,000 aggregate principal amount of its Floating Rate Senior Secured Notes due 2022 (the “Floating Rate Senior Secured Notes” and, together with the Fixed Rate Senior Secured Notes, the “Senior Secured Notes”). Matterhorn Telecom Holding S.A., a *société anonyme* organized and existing under the laws of the Grand Duchy of Luxembourg (the “Senior Notes Issuer” and, together with the Senior Secured Notes Issuer, the “Issuers”), is offering €250,000,000 aggregate principal amount of its 4.875% Senior Notes due 2023 (the “Senior Notes” and, together with the Senior Secured Notes, the “Notes”).

Each series of the Fixed Rate Senior Secured Notes will mature on May 1, 2022. The Senior Secured Notes Issuer will pay interest on each series of the Fixed Rate Senior Secured Notes semi-annually in arrears on each May 1 and November 1, commencing on November 1, 2015. Prior to May 1, 2018, the Senior Secured Notes Issuer will be entitled, at its option, to redeem all or a portion of each series of the Fixed Rate Senior Secured Notes by paying a “make-whole” premium. At any time on or after May 1, 2018, the Senior Secured Notes Issuer may redeem all or part of each series of the Fixed Rate Senior Secured Notes by paying a specified redemption price. In addition, prior to May 1, 2018, the Senior Secured Notes Issuer may redeem at its option no more than 40% of each series of the Fixed Rate Senior Secured Notes with the net cash proceeds from certain equity offerings. Upon certain events defined as constituting a change of control, the Senior Secured Notes Issuer may be required to make an offer to purchase each series of the Fixed Rate Senior Secured Notes. In the event of certain developments affecting taxation, the Senior Secured Notes Issuer may redeem all, but not less than all, of each series of the Fixed Rate Senior Secured Notes.

The Floating Rate Senior Secured Notes will mature on May 1, 2022. The Senior Secured Notes Issuer will pay interest on the Floating Rate Senior Secured Notes quarterly in arrears on each February 1, May 1, August 1 and November 1, commencing on August 1, 2015. Prior to May 1, 2016, the Senior Secured Notes Issuer will be entitled, at its option, to redeem all or a portion of the Floating Rate Senior Secured Notes by paying a “make-whole” premium. At any time on or after May 1, 2016, the Senior Secured Notes Issuer may redeem all or part of the Floating Rate Senior Secured Notes by paying a specified redemption price. Upon certain events defined as constituting a change of control, the Senior Secured Notes Issuer may be required to make an offer to purchase the Floating Rate Senior Secured Notes. In the event of certain developments affecting taxation, the Senior Secured Notes Issuer may redeem all, but not less than all, of the Floating Rate Senior Secured Notes.

The Senior Notes will mature on May 1, 2023. The Senior Notes Issuer will pay interest on the Senior Notes semi-annually in arrears on each May 1 and November 1, commencing on November 1, 2015. Prior to May 1, 2018, the Senior Notes Issuer will be entitled, at its option, to redeem all or a portion of the Senior Notes by paying a “make-whole” premium. At any time on or after May 1, 2018, the Senior Notes Issuer may redeem all or part of the Senior Notes by paying a specified redemption price. In addition, prior to May 1, 2018, the Senior Notes Issuer may redeem at its option no more than 40% of the Senior Notes with the net cash proceeds from certain equity offerings. Upon certain events defined as constituting a change of control, the Senior Notes Issuer may be required to make an offer to purchase the Senior Notes. In the event of certain developments affecting taxation, the Senior Notes Issuer may redeem all, but not less than all, of the Senior Notes.

The Senior Secured Notes will be senior obligations of the Senior Secured Notes Issuer and will be guaranteed on a senior basis, subject to certain limitations, by the Senior Notes Issuer, Matterhorn Mobile S.A. (“Matterhorn Mobile”), Orange Communications SA (the “Company” or “Orange”) and Orange Network SA (“Orange Network”) (such guarantors, collectively, the “Senior Secured Notes Guarantors”). The guarantee of the Senior Secured Notes by each Senior Secured Notes Guarantor (each a “Senior Secured Notes Guarantee” and, collectively, the “Senior Secured Notes Guarantees”) will be (i) senior in right of payment to any subordinated indebtedness of the relevant Senior Secured Notes Guarantors, including the guarantees of the Senior Notes, as applicable; (ii) effectively senior in right of payment to any existing or future obligations of the relevant Senior Secured Notes Guarantor that is unsecured or secured on a basis junior to the Senior Secured Notes, to the extent of the value of the collateral that is available to satisfy the obligations under the Senior Secured Notes; and (iii) effectively subordinated to any existing and future indebtedness of such Senior Secured Notes Guarantor’s guarantee that is secured by property or assets that do not secure the Senior Secured Notes Guarantor’s guarantee, to the extent of the value of the property or assets securing such indebtedness.

The Senior Notes will be senior obligations of the Senior Notes Issuer and will be guaranteed on a senior subordinated basis, subject to certain limitations, by the Senior Secured Notes Issuer, Matterhorn Mobile, Orange and Orange Network (such guarantors, collectively, the “Senior Notes Guarantors” and, together with the Senior Secured Notes Guarantors, the “Guarantors”). The guarantee of the Senior Notes by each Senior Notes Guarantor (each a “Senior Notes Guarantee” and, collectively, the “Senior Notes Guarantees” and, together with the Senior Secured Notes Guarantees, the “Guarantees”) will (i) be subordinated in right of payment to all existing and future senior indebtedness of each Senior Notes Guarantor (including the Senior Notes Guarantors’ obligations under the Senior Secured Notes, the Revolving Credit Facility and certain hedging agreements); (ii) rank senior in right of payment to any existing and future obligations of such Senior Notes Guarantor that is expressly subordinated to such Senior Notes Guarantee; and (iii) be effectively subordinated to any existing and future indebtedness of such Senior Notes Guarantor that is secured by liens senior to the liens securing that Senior Notes Guarantor’s guarantee or secured with property or assets that do not secure that Senior Notes Guarantor’s guarantee, to the extent of the value of the property or assets securing such indebtedness.

The Senior Secured Notes will be secured by first-ranking liens granted on an equal and ratable first-priority basis over the same assets that secure the Revolving Credit Facility (as defined herein), subject to the operation of the Agreed Security Principles (as defined herein) and the Intercreditor Agreement (as defined herein). Subject to the terms of the Intercreditor Agreement, lenders under the Revolving Credit Facility and counterparties to certain hedging obligations will receive proceeds from the enforcement of the security in priority to holders of the Senior Secured Notes. The Senior Notes and the Senior Notes Guarantees will be secured on a second-priority basis over the shares of the Senior Secured Notes Issuer, subject to the operation of the Agreed Security Principles. See “Summary—The Offering—Security.”

The Notes will initially be represented by global notes, which will be delivered through Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream”) on or about April 23, 2015 (the “Issue Date”).

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF Market. This offering memorandum constitutes a prospectus for purposes of Luxembourg law on prospectus securities dated July 10, 2005, as amended. The Notes are offered to a limited number of qualified investors within the meaning of the Luxembourg Law of July 10, 2005 on prospectuses for securities, in all cases under circumstances designed to preclude a distribution which would be other than a private placement. This offering memorandum (the “Offering Memorandum”) may not be reproduced or used for any other purpose, nor be furnished to any other person other than those to whom copies have been sent.

**Investing in the Notes involves a high degree of risk. See “Risk Factors” beginning on page 28.**

**CHF Fixed Rate Senior Secured Notes Price: 100.000% plus accrued interest, if any, from the Issue Date**

**Euro Fixed Rate Senior Secured Notes Price: 100.000% plus accrued interest, if any, from the Issue Date**

**Floating Rate Senior Secured Notes Price: 100.000% plus accrued interest, if any, from the Issue Date**

**Senior Notes Price: 100.000% plus accrued interest, if any, from the Issue Date**

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

Global Coordinator and Joint Bookrunner

**Credit Suisse**

Joint Bookrunners

**J.P.Morgan**

**BNP PARIBAS**

**Goldman Sachs International**

**Société Générale**

**Natixis**

The date of this Offering Memorandum is May 19, 2015.

Table of Contents

	Page		Page
SUMMARY .....	1	DESCRIPTION OF THE SENIOR	
RISK FACTORS .....	28	SECURED NOTES .....	151
USE OF PROCEEDS .....	64	DESCRIPTION OF THE SENIOR	
SUMMARY CAPITALIZATION .....	65	NOTES .....	224
SELECTED HISTORICAL FINANCIAL		BOOK-ENTRY; DELIVERY AND	
INFORMATION .....	66	FORM .....	291
MANAGEMENT'S DISCUSSION AND		TAX .....	296
ANALYSIS OF FINANCIAL		PLAN OF DISTRIBUTION .....	303
CONDITION AND RESULTS OF		TRANSFER RESTRICTIONS .....	306
OPERATIONS .....	69	AVAILABLE INFORMATION .....	309
INDUSTRY OVERVIEW .....	90	INDEPENDENT AUDITORS .....	310
BUSINESS .....	96	LEGAL MATTERS .....	311
REGULATION .....	113	LISTING AND GENERAL	
MANAGEMENT .....	120	INFORMATION .....	312
PRINCIPAL SHAREHOLDER .....	122	GLOSSARY OF TECHNICAL TERMS ..	314
CERTAIN RELATIONSHIPS AND		INDEX TO FINANCIAL	
RELATED PARTY		STATEMENTS .....	F-1
TRANSACTIONS .....	123		
DESCRIPTION OF CERTAIN			
FINANCING ARRANGEMENTS .....	124		

## NOTICE TO INVESTORS

You should rely only on the information contained in this Offering Memorandum. None of the Issuers or any of Credit Suisse Securities (Europe) Limited, BNP Paribas, J.P. Morgan Securities plc, Société Générale, Goldman Sachs International and Natixis (together, the “Initial Purchasers”) has authorized anyone to provide you with any information or represent anything about the Issuers, the financial results of their predecessor companies or this Offering that is not contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by any of the Issuers or the Initial Purchasers. None of the Issuers or any of the Initial Purchasers is making an offering of any Notes in any jurisdiction where this Offering is not permitted. You should not assume that the information contained in this Offering Memorandum is accurate as at any date other than the date on the front of this Offering Memorandum.

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

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

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

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

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

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

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

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

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

The Initial Purchasers reserve the right to withdraw this Offering at any time and to reject any commitment to subscribe for the Notes, in whole or in part. The Initial Purchasers also reserve the right to allot less than the full amount of Notes sought by investors. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own account. Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe any restrictions on, the transfer and exchange of the Notes. See “*Plan of Distribution*” and “*Transfer Restrictions*.”

The Notes will be issued in fully registered form. The CHF Fixed Rate Senior Secured Notes will be issued in denominations of CHF 150,000 and in integral multiples of CHF 1,000 in excess thereof. The Euro Fixed Rate Senior Secured Notes, the Floating Rate Senior Secured Notes and the Senior Notes will each be issued in denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

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

The information contained under the captions “*Exchange Rate Information*,” “*Summary*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” “*Industry Overview*” and “*Business*” includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While we accept responsibility for the accurate extraction and summarization of such information and data, we have not independently verified the accuracy of such information and data and we accept no further responsibility in respect thereof. Notwithstanding, as far as the Issuers are aware, no information or data has been omitted which would render reproduced information inaccurate or misleading. The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including the section entitled “*Book-Entry; Delivery and Form*,” is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. Each Issuer accepts responsibility for accurately summarizing the information concerning Euroclear and Clearstream, but neither Issuer accepts any further responsibility in respect of such information.

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

The Issuers intend to list the Notes on the Official List of the Luxembourg Stock Exchange for admission for trading on the Euro MTF Market of that exchange, and will submit this Offering Memorandum to the competent authority in connection with the listing application. In the course of any review by the competent authority, the Issuers may be requested to make changes to the financial and other information included in this Offering Memorandum. Comments by the competent authority may require significant modification or reformulation of information contained in this Offering Memorandum or may require the inclusion of additional information, including financial information in respect of the Guarantors. The Issuers may also be required to update the information in this Offering Memorandum to reflect changes in our business, financial condition or results of operations and prospects.

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

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

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

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



## NOTICE TO CERTAIN INVESTORS

### European Economic Area

This Offering Memorandum has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within that Member State of Notes, which are the subject of the offering contemplated in this Offering Memorandum, may only do so in circumstances in which no obligation arises for either of the Issuers or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuers or the initial purchasers has authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuers or the initial purchasers to publish a prospectus or supplement a prospectus for such offer. The expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Member State), and includes any relevant implementing measure in the Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

### United Kingdom

This 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 by, a person authorized under the Financial Services and Markets Act 2000. This Offering Memorandum is for distribution only to, and is only directed at, persons who: (i) are outside the United Kingdom; (ii) 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”); (iii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). Accordingly, by accepting delivery of this Offering Memorandum, the recipient warrants and acknowledges that it is such a relevant person. The Notes are available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. No part of this Offering Memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without our prior written consent.

### Luxembourg

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

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

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

### Switzerland

This Offering Memorandum, as well as any other material relating to the Notes which are the subject of the offering contemplated by this Offering Memorandum, do not constitute an issue prospectus pursuant to article 652a and/or article 1156 of the Swiss Code of Obligations and may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes will neither be publicly offered nor be listed on

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

## PRESENTATION OF FINANCIAL AND OTHER DATA

### Financial and Other Data

Each of the Issuers was formed on March 25, 2015 for the purpose of facilitating the corporate recapitalization (the “Corporate Recapitalization”) being undertaken in connection with the issuance of the Notes offered hereby and the use of proceeds therefrom (the “Refinancing Transactions”). See “*Summary—The Refinancing Transactions*.” The Senior Notes Issuer is the direct parent company of the Senior Secured Notes Issuer, and as of the Issue Date, the Senior Secured Notes Issuer will be the new direct parent company of Matterhorn Mobile S.A. (“Matterhorn Mobile”) and the indirect parent company of Orange Communications SA (“Orange”). Each Issuer is a holding company, and none of the Issuers or Matterhorn Mobile has material assets or liabilities other than their interest in Orange. As of the Issue Date, the Senior Notes Issuer together with its direct and indirect subsidiaries, including the Senior Secured Notes Issuer and Orange, will constitute the Group.

As of the date of this Offering Memorandum, MMH is the direct parent company of Matterhorn Mobile, and Matterhorn Mobile is the direct parent company of Orange. MMH together with its direct and indirect subsidiaries, including Matterhorn Mobile and Orange, constitutes the MMH Group from February 29, 2012, when Matterhorn Mobile acquired Orange. As a result, we have included and discussed in this Offering Memorandum the audited consolidated financial statements of the MMH Group. Both of MMH and Matterhorn Mobile are holding companies with no independent business operations or significant assets other than investments in Orange and were formed for the issuance of the Existing Senior Notes and the Existing Senior Secured Notes. As of the date of this listing, we have initiated liquidation proceedings for MMH and we may liquidate Matterhorn Mobile. See “*Summary—Corporate Recapitalization*.”

This Offering Memorandum includes the audited consolidated financial statements of the MMH Group for the years ended December 31, 2013 and 2014. The audited consolidated financial statements of the MMH Group as of and for the years December 31, 2013 and 2014 have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (“IFRS”). The financial information presented in this Offering Memorandum for the years ended December 31, 2013 and 2014 is the consolidated financial information of the MMH Group, which has been derived from the audited consolidated financial statements of the MMH Group.

In the audited consolidated financial statements of the MMH Group as of and for the year ended December 31, 2013, the figures for the year ended December 31, 2012 were restated to reflect revised auditing standards and amendments that came into effect from January 1, 2013. The financial information presented in this Offering Memorandum for the year ended December 31, 2012 has been derived from the audited consolidated statements of the MMH Group for the year ended December 31, 2013.

The revised auditing standards and amendments that came into effect from January 1, 2013 relate to the accounting for changes in defined benefit obligations and plan assets, which require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. These changes have had an impact on the amounts recognized in profit or loss and other comprehensive income in 2012.

The financial information for the Orange Group for the period from January 1, 2012 to February 29, 2012 as predecessor has been derived from the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013, and the financial information for the MMH Group for the period from March 1, 2012 to December 31, 2012 as successor has also been derived from the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013.

Unless otherwise indicated, the financial information presented in this Offering Memorandum for the year ended December 31, 2012 is the unaudited aggregate financial information that combines the results of the Orange Group and the MMH Group for the year ended December 31, 2012 as restated. The aggregated financial information for the year ended December 31, 2012 is calculated by taking the financial information for the Orange Group for the period from January 1, 2012 to February 29, 2012 (as set out in the comparative



information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013), from when Matterhorn Mobile, the wholly owned subsidiary of MMH, acquired Orange and consolidated its results, and adding it to the financial information for the MMH Group for the period from March 1, 2012 to December 31, 2012 (as set out in the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013).

The presentation of all the unaudited aggregated information for the year ended December 31, 2012 is not intended to comply with IFRS and does not represent *pro forma* information. The unaudited aggregated financial results are intended to give an indication of the financial results of the aggregated results of operations of the Orange Group and the MMH Group for the year ended December 31, 2012 as restated. The unaudited aggregated financial results for these periods are not fully comparable with other periods.

From September 19, 2014, when we introduced our “Hybrid” installment plans allowing customers to spread the payment of the unsubsidized portion of their handset over the duration of their contract through monthly installments, we have used the installment method of accounting for purposes of revenue recognition. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Income Statement Line Items—Revenue*.” Our results of operations for the year ended December 31, 2014 reflect installment accounting from September 19, 2014.

In addition, this Offering Memorandum includes unaudited consolidated *pro forma* financial data and as adjusted unaudited consolidated financial data, which have been adjusted to reflect certain effects of the Refinancing Transactions on the cash interest expense of the Group for the year ended December 31, 2014 and the effects of the Refinancing Transactions on the financial position of the Group as of December 31, 2014.

The financial data presented herein are presented in Swiss francs.

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

The periodic reports that we have historically released for our Existing Notes investors present the results of operations and financial condition of our operating subsidiary Orange. As a result, the financial information presented in our periodic reports may differ from that presented in this Offering Memorandum.

## **Non-IFRS and Other Financial Measures**

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

- “*EBITDA*” refers to net profit (loss) from continuing operations before income tax (expenses) / benefit, finance income, finance costs, depreciation, amortization and impairment.
- “*Adjusted EBITDA*” refers to EBITDA, after excluding corporate, monitoring and brand fees, restructuring, transition and transaction costs, and the result on disposal and other (gains) / losses non-recurring items.
- “*EBITDA less capital expenditures*” refers to EBITDA less capital expenditures. Capital expenditures are defined as cash paid during the period for intangible assets and property, plant and equipment.

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

## **Other Data**

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

## **Market, Economic and Subscriber Data; Market Share Data**

### ***General***

In this Offering Memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this Offering Memorandum were obtained from internal surveys, market research, governmental reports and other publicly-available information, independent industry publications and reports prepared by industry consultants including Analysys Mason and TeleGeography. All data obtained from Analysys Mason was from the report titled “Western Europe Telecoms Market Interim Update,” published on December 11, 2014. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness.

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

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

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

### ***Subscribers***

Postpaid mobile subscribers are counted in our subscriber base as long as they have an active contract. The calculation includes subscribers through wholesale resellers, but excludes subscribers through mobile virtual network operators (“MVNOs”) as MVNOs own their subscriber bases. Prepaid mobile subscribers are counted in our subscriber base if their SIM card is connected to our network and they have had at least one chargeable outgoing traffic event (that is, voice, SMS, MMS or data) or have received one incoming traffic chargeable event (excluding, among other things, traffic initiated by us) within the last twelve months (the “Twelve Months Rule”).

Effective from January 1, 2013, we have applied the Twelve Months Rule to prepaid inactivity business, the same rule applied by Swisscom. Previously, prepaid mobile subscribers were counted in our subscriber base if

their SIM card was connected to our network and they had at least one chargeable outgoing traffic event (that is, voice, SMS, MMS or data) or had received four or more incoming traffic chargeable events (excluding, among other things, traffic initiated by us) within the last three months (the “Three Months Rule”). We changed our prepaid inactivity business rule in order to align our subscriber base and ARPU definition to market standards. In certain sections of this Offering Memorandum, we have applied the Three Months Rule to certain 2013 figures for comparison purposes.

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

### ***Market Share***

We have included in this Offering Memorandum data showing our estimated share of the Swiss mobile telecommunications market based on revenue for the years ended December 31, 2012, 2013 and 2014. For the purposes of the determination of our revenue market share, we have compared the total amount of our revenue resulting from mobile activities (consisting of the sum of the amounts shown under the captions “Network,” “Equipment” and “Other mobile services” in the tables contained in note 5.1 of the notes to our audited consolidated financial statements for the years ended December 31, 2013 and 2014) to the amounts in, or estimates calculated using the amounts in, comparable line items in the published consolidated financial statements and other published financial data of each of Swisscom (consisting of the aggregate wireless revenue from Residential Customers, Small & Medium-Sized Enterprises and Corporate Business and amounts under the caption “Hardware sales own channels,” in Swisscom’s published Facts & Figures for the years ended December 31, 2012, 2013 and 2014) and Sunrise (consisting of amounts under the caption “Mobile revenue” in Sunrise’s published consolidated financial statements for the years ended December 31, 2012, 2013 and 2014). None of the Issuers, the Guarantors or the Initial Purchasers has independently verified the amounts published by Swisscom and Sunrise and cannot guarantee their accuracy. None of the Issuers, the Guarantors or the Initial Purchasers has been able to independently verify that the composition of Swisscom’s and Sunrise’s relevant line items and the accounting policies on which they are based are in all respects identical to our mobile revenue other than as stated above. Consequently, our calculation of “Mobile ARPU revenue” may not be readily comparable to their figures and the ensuing determination of our revenue market share may not be comparable to that of Swisscom and Sunrise. As a result, revenue market share data based on such comparison included in this Offering Memorandum may not accurately reflect our competitive position and the competitive positions of other operators.

We have calculated our market share by number of subscribers by comparing the number of mobile subscribers published by Swisscom, Orange and Sunrise. The definition of a subscriber may vary between operators. A definition that is more restrictive in its determination of when a subscriber is deemed to cease being so may result in a reduction of the number reported for total subscribers, and therefore a lower market share based on numbers of total reported subscribers. As a result, market share data based on numbers of total reported subscribers and any related comparisons of us to other operators included in this Offering Memorandum may not accurately reflect our competitive position and the competitive positions of such other operators.

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

All market share data excludes the subscriber base of MVNOs.

### ***Churn***

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

We calculate the churn rate by dividing the number of disconnections of subscribers during a period by the average number of subscribers during the same period. The average number of subscribers does not include postpaid subscribers without an active contract and prepaid subscribers whose SIM card is connected to the network, but that have not had any chargeable outgoing traffic events (that is, voice, SMS, MMS or data) or that have received less than four incoming traffic chargeable events (excluding traffic initiated by us) within the last twelve months.

Churn activity affects various key performance indicators, including total subscribers and ARPU levels. The definition of churn may vary between operators. A churn policy that is more expansive in its determination of when a subscriber is deemed to have churned may result in a reduction of the number reported for total

subscribers, an increase in churn rate and potentially higher ARPU. As a result, such data and any related comparisons of us to other operators included in this Offering Memorandum may not accurately reflect our competitive position and the competitive positions of such other operators.

***Mobile Penetration Rates***

“Mobile penetration” refers to the measurement, usually as a percentage, of the take-up of mobile telecommunications services. As of any date, mobile penetration is calculated by dividing the number of subscribers by the number of inhabitants to which the service is available.

## EXCHANGE RATE INFORMATION

The consolidated financial statements of MMH are presented in Swiss francs (CHF). The exchange rate for CHF against euro on April 10, 2015 was CHF 1.04 per €1.00. We have set forth in the table below, for the periods and dates indicated, the high, low, average and period end exchange rates as published by Bloomberg, for cable transfers of euro expressed as CHF per €1.00.

	CHF per €1.00			
	High	Low	Average <sup>(1)</sup>	Period End
<b>Year</b>				
2010 .....	1.49	1.24	1.38	1.25
2011 .....	1.32	1.04	1.23	1.22
2012 .....	1.22	1.20	1.21	1.21
2013 .....	1.26	1.21	1.23	1.23
2014 .....	1.24	1.20	1.21	1.20
<b>Month</b>				
October 2014 .....	1.21	1.21	1.21	1.21
November 2014 .....	1.21	1.20	1.20	1.20
December 2014 .....	1.20	1.20	1.20	1.20
January 2015 .....	1.20	0.99	1.10	1.04
February 2015 .....	1.08	1.05	1.06	1.07
March 2015 .....	1.08	1.04	1.06	1.04
April 2015 (through April 10) .....	1.05	1.04	1.04	1.04

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



## DEFINED TERMS

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

- “*Acquisition*” has the meaning ascribed to it under “*Summary—Recent Developments—The Acquisition*.”
- “*Agreed Security Principles*” means the Agreed Security Principles as set out in a schedule to the Revolving Credit Facility Agreement as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuers.
- “*Apax*” refers to one or more funds or limited partnerships advised by Apax Partners LLP or any of its affiliates or direct or indirect subsidiaries from time to time.
- “*Apax Acquisition Agreement*” means the share purchase agreement, dated as of December 23, 2011, by and among Matterhorn Mobile, Atlas Services Belgium and France Telecom, as amended.
- “*Company*” or “*Orange*” means Orange Communications SA, a Swiss stock corporation (*société anonyme*) pursuant to arts. 620 et seq. of the Swiss Code of Obligations.
- “*Corporate Recapitalization*” has the meaning ascribed to it under “*Presentation of Financial and Other Data—Financial and Other Data*.”
- “*Existing CHF Floating Rate Senior Secured Notes*” refers to the CHF 120 million aggregate principal amount of floating rate senior secured notes due 2019 issued by Matterhorn Mobile on September 11, 2012.
- “*Existing Euro Floating Rate Senior Secured Notes*” collectively refers to the €150 million aggregate principal amount of floating rate senior secured notes due 2019 issued by Matterhorn Mobile on February 10, 2012 and the €180 million aggregate principal amount of floating rate senior secured notes due 2019 issued by Matterhorn Mobile on February 16, 2012.
- “*Existing Fixed Rate Senior Secured Notes*” refers to the CHF 450 million aggregate principal amount of 6.75% senior secured notes due 2019 issued by Matterhorn Mobile on February 10, 2012.
- “*Existing Notes*” collectively refers to the Existing Senior Unsecured Notes, the Existing Senior Notes, the Existing Senior Secured Notes and the Existing PIK Notes.
- “*Existing PIK Notes*” refers to the €250 million aggregate principal amount of 9.00%/9.75% senior PIK toggle notes due 2019 issued by Matterhorn Financing on April 17, 2013.
- “*Existing Senior Notes*” refers to the €225 million aggregate principal amount of 8.25% senior notes due 2020 issued by MMH on February 10, 2012.
- “*Existing Senior Secured Notes*” collectively refers to the Existing Euro Floating Rate Senior Secured Notes, the Existing Fixed Rate Senior Secured Notes and the Existing CHF Floating Rate Senior Secured Notes.
- “*Existing Senior Unsecured Notes*” refers to the €155 million aggregate principal amount of 7.75% senior unsecured notes due 2020 issued by Matterhorn Midco on October 1, 2012.
- “*France Telecom*” or “*FT*” refers to Orange SA, a *société anonyme* incorporated under the laws of France, formerly known as France Telecom SA.
- “*FT Group*” refers to France Telecom and its subsidiaries.
- “*Group*” refers to the Senior Notes Issuer and its subsidiaries, following the Corporate Recapitalization, which will occur on or prior to the Issue Date.
- “*Guarantors*” collectively refers to the Senior Secured Notes Guarantors and the Senior Notes Guarantors.
- “*Indentures*” collectively refers to the Senior Secured Notes Indenture and the Senior Notes Indenture.
- “*Intercreditor Agreement*” refers to the agreement dated January 30, 2012, as amended and restated on February 3, 2012 and on September 11, 2012, as amended on February 21, 2012 and on February 23,

2015, and as amended and restated on or about the Issue Date, and as further amended or amended and restated from time to time by and among, *inter alios*, the Trustee, the agent under the Revolving Credit Facility and the Security Agent.

- “*Issuers*” collectively refers to the Senior Secured Notes Issuer and the Senior Notes Issuer.
- “*Matterhorn Financing*” refers to Matterhorn Financing & CY S.C.A., a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg.
- “*Matterhorn Midco*” refers to Matterhorn Midco & CY S.C.A., a *société en commandite par actions* organized under the laws of the Grand Duchy of Luxembourg.
- “*Matterhorn Mobile*” refers to Matterhorn Mobile S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg.
- “*MMH*” refers to Matterhorn Mobile Holdings S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg.
- “*MMH Group*” refers to MMH and its subsidiaries.
- “*NJJ*” refers to the private holding company of entrepreneur and telecommunications investor Xavier Niel or any of its direct or indirect subsidiaries from time to time investing, directly or indirectly, in the Issuers. See “*Principal Shareholder*.”
- “*NJJ Acquisition Agreement*” means the share purchase agreement, dated as of December 18, 2014, by and among Matterhorn Topco & Cy S.C.A., Matterhorn S.à r.l. and NJJ Capital SAS.
- “*NJJ Suisse Acquisition*” refers to NJJ Suisse Acquisition SAS, a *société par actions simplifiée* incorporated under the laws of France, an indirect subsidiary of NJJ.
- “*Offering*” refers to the offering of the Notes pursuant to this Offering Memorandum.
- “*Orange Group*” refers to Orange Communications SA together with its subsidiaries.
- “*Orange Network*” refers to Orange Network SA, a Swiss stock corporation (*société anonyme*) pursuant to arts. 620 et seq. of the Swiss Code of Obligations.
- “*Permitted Collateral Liens*” has the meaning ascribed to it under “*Description of the Senior Secured Notes—Certain Definitions*” and “*Description of the Senior Notes—Certain Definitions*.”
- “*Proceeds Loan*” refers to the loan agreement to be entered into between the Senior Secured Notes Issuer, as lender, and Matterhorn Mobile, as borrower, pursuant to which the Senior Secured Notes Issuer will on-lend to Matterhorn Mobile a portion of the proceeds of the Notes to redeem its Existing Notes. See “*Use of Proceeds*” and “*Description of the Senior Secured Notes—The Proceeds Loan and Profit Participating Loan*.”
- “*Profit Participating Loan*” refers to the profit participating loan between Matterhorn Mobile, as lender, and Orange, as borrower, as described under “*Description of the Senior Secured Notes—The Proceeds Loan and Profit Participating Loan*.”
- “*Refinancing Transactions*” has the meaning ascribed to it under “*Summary—The Refinancing Transactions*.”
- “*Revolving Credit Facility*” refers to the CHF 100 million super senior multi-currency revolving credit facility agreement dated February 23, 2015, between, *inter alios*, MMH and Société Générale (as amended or amended and restated from time to time) as described under “*Description of Certain Financing Arrangements—Revolving Credit Facility*.” As part of the Refinancing Transactions, the total committed amount under the Revolving Credit Facility will be increased from CHF 100 million to CHF 150 million on or about the Issue Date.
- “*Security Agent*” refers to Société Générale, as security agent under the Indentures.
- “*Security Documents*” has the meaning ascribed to it under “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*.”
- “*Senior Notes Guarantors*” refers to the Senior Secured Notes Issuer, Matterhorn Mobile, Orange and Orange Network.
- “*Senior Notes Indenture*” refers to the indenture governing the Senior Notes among, *inter alios*, the Senior Notes Issuer, the Senior Notes Guarantors and the Trustee, to be dated the Issue Date.
- “*Senior Notes Issuer*” refers to Matterhorn Telecom Holding S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg.

- “*Senior Secured Notes Guarantors*” refers to the Senior Notes Issuer, Matterhorn Mobile, Orange and Orange Network.
- “*Senior Secured Notes Indenture*” refers to the indenture governing the Senior Secured Notes among, *inter alios*, the Senior Secured Notes Issuer, the Senior Secured Notes Guarantors and the Trustee, to be dated the Issue Date.
- “*Senior Secured Notes Issuer*” refers to Matterhorn Telecom S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg.
- “*Trustee*” refers to Deutsche Trustee Company Limited, as trustee under the Indentures.
- “*we*,” “*us*” and “*our*,” following the Corporate Recapitalization, refer to the Senior Notes Issuer, its subsidiaries and associates, and prior to the Corporate Recapitalization, refer to (i) the Orange Group for the period from January 1, 2012 to February 29, 2012 and (ii) the MMH Group for the period from March 1, 2012 to December 31, 2012 and for the years ended December 31, 2013 and 2014, unless the context otherwise requires or is clear from context.

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

## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

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

- our exposure to equipment and network systems failure;
- the highly competitive nature of our industry;
- our ability to attract new mobile subscribers and retain existing mobile subscribers;
- risks related to rebranding;
- disruptions or changes in the supply of our equipment and services from key sourcing partners;
- our ability to successfully complete and integrate acquisitions;
- our ability to respond to rapid technological changes or changes in consumer preferences on a timely basis;
- our ability to fund investments;
- risks related to litigation or stricter regulation arising from actual or perceived health risks or other problems or other legal or regulatory actions;
- our ability to maintain and increase our network coverage;
- changes in regulation, including with respect to MTRs and other tariffs, or other changes in national, cantonal and local laws, regulations or taxes;
- our dependence on third parties to distribute our products;
- our ability to maintain and further develop our direct and indirect distribution and customer care channels;
- our dependence on wholesale reseller and MVNO partners and third-party telecommunications providers;
- our ability to attract and retain key personnel, including non-Swiss citizens;
- risks related to the development and maintenance of our IT systems;
- changes in consumer spending due to economic conditions in Switzerland, Liechtenstein or globally;
- our pension liability;
- potential regulatory action due to improper storage or handling of customer data;
- rising costs to maintain compliance with complex IT security schemes;
- our substantial leverage and debt service obligations;
- the effects of our restrictive debt covenants on our ability to finance our future operations and capital needs and to pursue business opportunities and activities;
- our ability to raise additional financing or service existing debt;
- changes in interest rates or exchange rate fluctuations;
- risks related to the collateral;
- risks related to our structure or our shareholder;
- factors that are not known to us at this time; and
- other factors discussed or referred to in this Offering Memorandum.

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

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

## CURRENCY PRESENTATION

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

## ENFORCEABILITY OF JUDGMENTS

The Issuers and Matterhorn Mobile are incorporated under the laws of Luxembourg. The Company and Orange Network are incorporated under the laws of Switzerland. All of the directors, officers and other executives of the Issuers and each of the Guarantors are neither residents nor citizens of the United States. Furthermore, almost all of the assets of the Issuers and each of the Guarantors, and their directors, officers and other executives are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuers or any Guarantor or any such other person or to enforce against any of them judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indentures, the Issuers and the Guarantors have appointed, or will appoint, an agent for the service of process in New York.

If a judgment is obtained in a U.S. court against the Issuers or any Guarantor or any 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 our Guarantors are 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.

### Luxembourg

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

- the U.S. judgment is enforceable (*exécutoire*) in the United States;
- the U.S. court awarding the judgment has jurisdiction to adjudicate the respective matter under applicable U.S. federal or state jurisdictions rules, and the jurisdiction of the U.S. court is recognized by Luxembourg private international and local law;
- the U.S. court has applied to the dispute the substantive law which would have been applied by Luxembourg courts under the applicable conflict of law rules;
- the U.S. judgment does not contravene international public policy or order as understood under the laws of Luxembourg or has been given in proceedings of a criminal nature and tax nature;
- the U.S. court has acted in accordance with its own procedural laws;



- the U.S. judgment was granted following proceedings where the counterparty had the opportunity to appear, was granted the necessary time to prepare its case and, if it appeared, to present a defense; and
- the U.S. judgment was not granted pursuant to an evasion of Luxembourg law (*fraude à la loi luxembourgeoise*).

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

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

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

## Switzerland

Our Swiss counsel has advised us that a United States judgment may be recognized under the Swiss Federal Act on Private International Law ("PILA") and enforced upon request by the courts of Switzerland only if certain requirements of the PILA are met, in particular:

- the foreign court has jurisdiction. Jurisdiction or authority is established:
  - if a provision of PILA so provides or, in the absence of such provision, if the defendant had his legal domicile in the country in which the judgment was rendered; or
  - if the parties, in a pecuniary dispute, entered into an agreement valid under the PILA submitting their dispute to the jurisdiction of the court or authority which rendered the judgment; or
  - if the defendant, in a pecuniary dispute, proceeded on the merits without objecting to jurisdiction; or
  - if, in the event of a counterclaim, the court or authority which rendered the judgment had jurisdiction over the principal claim and if there is a factual connection between the principal claim and the counterclaim;
- the judgment of such foreign court has become final and non-appealable;
- the recognition of the foreign judgment is not manifestly contrary to Swiss public policy;
- the counterparty has been properly served with process according to the law of the state of his/her/its domicile or ordinary residence (if in Switzerland, through judicial aid granted by the Swiss authorities) or the counterparty has unconditionally appeared in the proceedings;
- the proceedings leading to the judgment have respected the principles of a fair trial (as understood in Switzerland) and, in particular, that the counterparty has been granted the right to be heard and the possibility to properly defend his/her/its case; and
- no action between the same parties and on the same subject matter has been commenced or decided upon first in Switzerland and no judgment between the same parties and on the same subject matter has first been rendered by a foreign court, which judgment may be recognized in Switzerland.

Subject to the foregoing, purchasers of the Notes may be able to enforce in Switzerland judgments in civil and commercial matters obtained from United States federal or state courts; however, we cannot assure you that those judgments will be enforceable. Awards of punitive damages in original actions outside Switzerland may also not be enforceable in Switzerland. It is doubtful whether a Swiss court would accept jurisdiction and impose

civil liability if proceedings commenced in Switzerland predicated solely upon United States federal or state securities laws. In addition, in an action brought in a Swiss court on the basis of United States federal or state securities laws, the Swiss courts may not have the requisite power to grant the remedies sought. Any amount denominated in a foreign currency adjudicated in a final judgment which has to be enforced through Swiss debt collection authorities (*schweizerische Zwangsvollstreckungsbehörden*) has to be converted into Swiss francs. Finally, no statement can be made as to the time and efficiency of the recognition and enforcement in Switzerland of a foreign judgment considering that recognition and enforcement proceedings tend to be time-consuming in Switzerland. Judicial documents may not be served directly from abroad, amongst others, the United States of America to a person in Switzerland (see Switzerland's reservations to the Hague Convention on Service Abroad of Judicial or Extra-Judicial Documents in Civil and Commercial Matters concluded on 15 November 1965) and service needs to be effected by way of judicial assistance.

## SUMMARY

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

*For the purpose of this “Summary” section, we present financial information for the year ended December 31, 2012, which represents the combination of the financial information of the Orange Group (as predecessor) and the MMH Group (as successor). Financial information for the year ended December 31, 2012, is calculated by taking the financial information of the Orange Group for the period from January 1, 2012, to February 29, 2012, and adding it to the financial information of the MMH Group for the period from March 1, 2012, to December 31, 2012. The presentation of the unaudited aggregate financial information for the year ended December 31, 2012, is not intended to comply with IFRS and does not represent pro forma information. The unaudited aggregate financial information for the year ended December 31, 2012, is intended to give an indication of the financial results of the aggregated results of operations of the Orange Group and the MMH Group for the year ended December 31, 2012. The unaudited aggregate financial information for the year ended December 31, 2012, is not fully comparable with other periods. The unaudited aggregate financial information for the year ended December 31, 2012 was restated in the year ended December 31, 2013 to reflect revised auditing standards and amendments that came into effect from January 1, 2013. See “Presentation of Financial and Other Data.” As a consequence, the unaudited aggregate financial information for the year ended December 31, 2012 has been derived from the comparative information in the audited consolidated financial statements of the MMH Group as of and for the year ended December 31, 2013.*

*The financial information presented in this “Summary” section and elsewhere in this Offering Memorandum for the years ended December 31, 2013 and 2014 is the consolidated financial information of the MMH Group, which has been derived from the audited consolidated financial statements of the MMH Group. The audited consolidated financial statements of the MMH Group as of and for the years December 31, 2013 and 2014 have been prepared in accordance with IFRS.*

### Overview

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

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

For the year ended December 31, 2014, our mobile telecommunications offerings generated 99.7% of our total revenue (split between mobile ARPU revenue (77.8%), equipment revenue (13.5%) and other network revenue and mobile services (8.3%)), with the remainder comprised of fixed revenue (0.3%).

We primarily focus on the postpaid customer segment, which represented 92.7% and 93.8% of our mobile ARPU revenue for the years ended December 31, 2013 and 2014, respectively. Within that segment our principal focus has been higher-value residential customers, as well as small office and home office (“SoHo”) and small and medium enterprise (“SME”) business customers. Our product offering is based on flexibility and adaptability to the requirements of our customers, and we continue to develop and market new products to attract and retain our customer base. Our flagship offering “Orange Me,” initially launched in 2010 and refreshed in 2014, is based on an *à la carte* approach that allows our customers to mix and match voice and SMS, data, customer care

products and service packages to their individual needs. In 2014, we continued to innovate in the Swiss market, launching uniform tariffs for calls and SMS in Switzerland and abroad, “*Das Abo*” (a flat-rate service in partnership with Swiss Post) and new “Hybrid” installment plans.

We provide mobile services through our own mobile 2G, 3G and 4G telecommunications access network throughout Switzerland and Liechtenstein. In May 2013, we launched 4G at no additional cost for both our prepaid and our postpaid customers, and by December 2014 we had reached 4G network population coverage of 90% in Switzerland. In addition to our mobile telecommunications access network, we have a transmission network that includes a mobile backhaul network, a national transmission backbone network (core transport network) and an IT/corporate data network comprised of owned and leased equipment. We do not operate our own dedicated landline network infrastructure to provide fixed-voice and broadband internet products and services, but provide such products and services on the basis of a reseller agreement with VTX Services SA (“VTX Services”).

We have historically marketed our products and services through the *Orange* brand. On March 31, 2015, we announced plans to carry out a rebranding process. We will announce our new brand name in the near term. We believe that this new brand name will allow us to continue to carry out our corporate strategy as described below.

We distribute our products and services in Switzerland directly through our network of 85 shops, online and via telesales, as well as indirectly through more than 2,500 points of sale of our partners’ non-exclusive distribution channels. Resellers and MVNOs on our network generally distribute mobile telecommunications services through their own distribution networks and channels.

For the year ended December 31, 2014, we generated total revenue of CHF 1,316.1 million and Adjusted EBITDA of CHF 432.7 million.

## **Our Strengths**

We believe that the following strengths will allow us to execute our strategy. See “*Business—Our Strategy*.”

### ***Supportive Economic, Competitive and Regulatory Environment***

We generate almost all of our revenue and net income from Switzerland, one of the wealthiest countries in the world in terms of GDP per capita. Switzerland’s “AAA” rating from the three main rating agencies reflects its high average income generated by a highly developed economy, a robust and transparent institutional framework, a stable consensus-based political system and fiscal discipline. According to the IMF (World Economic Outlook Database, October 2014), Switzerland had an estimated GDP per capita (at purchasing power parity exchange rates) of \$55,237 for 2014, which was higher than the European Union average of \$35,849 for the same period. Switzerland also has one of the lowest unemployment levels in Europe, with the IMF reporting an estimated 2014 unemployment rate of 3.4%, compared to the eurozone average of 11.6%. Switzerland’s institutional strength is illustrated by its scoring in the 98<sup>th</sup> percentile of the World Bank’s indicator of “Government Effectiveness” and in the 97<sup>th</sup> percentile regarding “Rule of Law” in 2013 due to its longstanding political stability and well-established culture of consensual decision-making. Switzerland enjoys a comfortable net international investment position (143% of GDP at the end of 2011 according to a December 2012 report by the Swiss National Bank) and low net debt (27.1% of GDP estimated in 2014 according to the IMF World Economic Outlook Database, October 2014). Underpinned by such solid fundamentals, according to the IMF, the Swiss economy grew by 3.0% in 2010, 1.8% in 2011, 1.0% in 2012 and 1.9% in 2013. In comparison, eurozone economies grew by 2.0% in 2010, 1.6% in 2011, (0.7)% in 2012 and (0.4)% in 2013.

The stability of the competitive environment in the Swiss mobile telecommunications market is supported by the presence of the market leading incumbent, Swisscom, with two other operators, ourselves and Sunrise, holding substantial market shares. Since we entered the market in 1999, no new entrant has built out a nationwide network in Switzerland and the respective market shares of each of the three MNOs have remained relatively stable in the past seven years. The fact that Swisscom is still majority state-owned is an additional factor of stability in the market. At the end of December 2014, Swisscom’s share of the Swiss mobile telecommunications market by number of subscribers was 54.8%, Sunrise’s market share was 27.1% and our market share was 18.1%. Our estimates show that market shares by revenue of the three nationwide MNOs in Switzerland also remained relatively stable between December 31, 2012 and December 31, 2014. For the year ended

December 31, 2014, Swisscom's share of the Swiss mobile subscriber market by revenue was 57.8%, Sunrise's market share was 21.5% and our market share was 20.7%. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share.*"

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

### ***Resilient and Growing Market***

The Swiss mobile telecommunications market has been relatively resilient to economic downturns in past years. According to TeleGeography, the number of mobile subscribers in Switzerland increased by 2.3% year-on-year to reach 11.6 million as of December 31, 2014. The resilient growth of the Swiss mobile telecommunications market in recent years has been supported by several factors. The Swiss mobile telecommunications market is primarily a postpaid market (with an estimated 61.3% of mobile subscribers being postpaid subscribers as of December 31, 2014), which contributes to market stability. According to TeleGeography, the mobile penetration rate in Switzerland in December 2014 was 143.4%, which is above the Western European average of 135.6%, (based on an unweighted average of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom). Steady population growth in Switzerland has also created additional opportunities for subscriber growth. According to the IMF, Switzerland's population has grown at a compounded annual growth rate of 0.8% between 2011 and 2014, which is higher than the eurozone annual growth rate of 0.2%.

### ***Significant Barriers to Entry***

We believe that there are significant barriers to entry for potential new competitors in Switzerland, our core market. The long-term nature of the licenses granted in the 2012 spectrum auction in Switzerland constitutes significant barriers to entry for potential new competitors. These technology neutral licenses are not tradeable by their terms and are valid until December 31, 2028. Accordingly, it could be difficult for any new potential entrant into the market to be able to acquire the right to use the relevant spectrum covered by these licenses until after 2028. See "*Regulation—Mobile Regulatory Environment—2012 Spectrum Auction*" for further details of the allocation of spectrum in Switzerland. In addition, for a new market entrant, building a mobile telecommunications network in Switzerland is complex and time- and capital-intensive, due to a number of factors, including the difficult nature of the terrain and the need for local authority approval for each site. In addition, stringent environmental regulations, which are embedded in building permits, limit radiation levels well below the EU standards, thereby requiring a greater number of sites and base stations to achieve any given network coverage compared to most other countries. In recent years, no new entrant has successfully established itself on a national scale. For instance, in 2006, ComCom withdrew Telefonica's 3G license because it failed to fulfill coverage requirements, and in 2008, Tele2 was acquired by Sunrise after failing to deploy a nationwide network. As a result, the Swiss mobile telecommunications market has become a relatively stable market of three national mobile network operators: Swisscom, Sunrise and ourselves.

### ***Stable Market Share and Attractive Value Positioning***

Together with Swisscom and Sunrise, we are one of the three mobile network operators in Switzerland with a nationwide network. Our market share and that of our main competitors Swisscom and Sunrise has remained broadly stable over the past three years. According to our estimates, our market share among all three mobile network operators in Switzerland based on revenue for the year ended December 31, 2014 was approximately 20.7%, while Swisscom and Sunrise commanded a 57.8% and 21.5% market share, respectively, compared to 58.8% for Swisscom, 20.5% for Sunrise and 20.6% for ourselves in 2012, respectively. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share.*" With approximately 53% of our subscribers as of December 31, 2014, being postpaid subscribers and approximately



88% of our postpaid subscribers using smartphones, we have established a firm position in the most attractive and profitable market segment.

We believe that our attractive positioning in the higher-end postpaid market segment provides us with a solid basis to target a broader range of customers and increase our subscriber base in more mass-market segments, as illustrated by the success of our Orange Me plans and the Orange Young offerings that we refreshed in 2014.

### ***Extensive, High-Quality Network Infrastructure***

We operate and own one of the three nationwide mobile telecommunications networks in Switzerland. We are constantly strengthening our network to secure capacity for increasing data traffic by optimizing spectrum allocation to extend our geographical coverage and to improve voice and data coverage and by making our network 4G Long Term Evolution (“LTE”) compatible. In accordance with our investment plan, in 2013, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements. This substantially improved the general network quality and the coverage, as well as provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability. We launched our 4G offering on 1800 and 800 MHz spectrum in May 2013 and achieved average 4G network population coverage of over 70% within eight months. As of December 31, 2014, our 4G network population coverage exceeded 90% and the download speed increased to up to 150 Mbit/s. According to a study performed by “Connect” magazine in August 2014, we offer the best connection on voice and data on Swiss trains among all the Swiss mobile operators. Moreover, the study also concluded that we have the second best network in terms of mobile data and voice quality, and we ranked 4th in terms of overall network quality out of ten operators in Austria, Germany and Switzerland. We are currently in the process of gradually upgrading our mobile network from 4G (LTE) to 4G+ (LTE advanced), which means that the mobile internet speed will increase from up to 150Mbit/s to up to 300 Mbit/s. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Mobile Network Upgrade.*”

### ***Resilient Adjusted EBITDA***

Our Adjusted EBITDA increased by 18.6% over the 2012-2014 period from CHF 364.9 million in 2012 to CHF 432.7 million in 2014. Assuming we had not applied installment accounting in 2014, our Adjusted EBITDA would have increased by approximately 9.6% from the year ended December 31, 2012, to the year ended December 31, 2014. This growth in Adjusted EBITDA was primarily due to the 8.6% increase in our postpaid subscriber base for the year ended December 31, 2014, compared to the year ended December 31, 2012, and the implementation of cost saving initiatives. For each of the years ended December 31, 2012, 2013 and 2014, we generated EBITDA less capital expenditures of CHF 151.5 million (excluding capital expenditures related to the spectrum license), CHF 173.4 million and CHF 220.2 million, respectively.

### ***Experienced Management Team***

We have a highly experienced management team, with experience in both Swiss and international markets. Johan Andsjö, our Chief Executive Officer since October 1, 2012, has had 19 years of experience in the telecommunications industry. Yann Leca, our Chief Financial Officer since November 2012, was formerly the Chief Financial Officer of Polyconcept (a portfolio company of Investcorp that was previously owned by BC Partners) and held that position since 1998.

Our management team has considerable industry experience, including with leading telecommunications and technology companies. Our management team also has an established track record of transformation and generating growth, such as the launch of new product offerings (including Go Europe, Go World and “*Das Abo*” as well as “Hybrid” installment plans) and the 4G network roll-out, which successfully repositioned Orange in 2014. Our management also implemented a significant IT transformation project, which has been substantially completed, with a goal to improve operating security, speed and function as well as to reduce our operational costs. The senior management team also endeavors to attract and retain a loyal and committed employee base. We have been recognized as a “great place to work” according to surveys conducted inside and outside the company. In February 2015, Orange became the first Swiss telecommunications operator to receive the Top Employer Switzerland distinction from the Top Employers Institute.

We have not experienced any labor-related work stoppages during the past three years.

## **Our Strategy**

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

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

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

### ***Growth Above Market Average***

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

- *Continued development of our à la carte tariffs plans.* This à la carte approach provides customers with better transparency and maximum flexibility, allowing customers to bundle voice and data products according to their preferences. We believe this approach will give us the opportunity to continue to develop our high ARPU base and, at the same time, the flexibility to target mass-market customer segments. It will also provide us with the opportunity to monetize an increase in data traffic into an increase of data revenue.
- *Increased distribution in selected geographies in Switzerland.* We have developed our direct distribution network by increasing its efficiency, opening additional shops, as well as expanding telesales operations. We believe this will enable us to further improve our customer reach and intimacy, and lower entry barriers for new customer segments. Further to the 13 shops opened in 2013 and 2014 in the German-speaking parts of Switzerland, in 2015, we plan to open several new shops, predominantly in the German-speaking parts of Switzerland where we historically have been under-represented, which has been an ongoing strategy in recent years. We have also launched “Das Abo” in conjunction with Swiss Post as a new distribution channel.
- *Further grow our B2B business.* Historically, our business subscriber market share has been relatively low, compared to that of Swisscom and Sunrise. We have therefore put in place a dedicated business unit, which addresses all B2B activities, specifically focusing on SoHo and certain SME business customers. Under the management of our newly-appointed Chief Business Officer Britta Reinhardt, we intend to improve our market share through revised tariff structures, improved anti-churn measures and better channel management.

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

### ***Implementation of Efficiencies to Optimize Cost Structure and Cash Flow***

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

- *Reduce and rebalance resources.* In 2013, we reorganized our resources by reducing our workforce by 122 full-time employees. The initial phase, which was implemented in March 2013 and June 2013, led to

a reduction of 89 full-time employees in total, mostly in corporate functions, and the second phase, which was implemented in November 2013, led to a reduction of 33 full-time employees, enabling us to update and simplify our business processes.

- *Simplify network maintenance and roll-out.* We have entered into new agreements with suppliers considerably simplifying our supplier relationships. In December 2012, we signed an agreement with Ericsson AG (“Ericsson”), in relation to the maintenance of our network and “run”-processes (including network management, field maintenance and spare parts management), which has lowered our total network unitary running cost. In January 2013, we signed an agreement with Nokia Siemens Networks Oy (“Nokia Siemens Networks”), in relation to new roll-out developments (including any infrastructure development activities that we may undertake, such as site acquisitions, build permit procedures and the related upgrades and hardware maintenance), which also allows us to pay for infrastructure developments only after they are fully installed and operational, improving our unitary capital expenditure levels and cash flows.
- *Modernize IT-processes.* In 2013 and during the first half of 2014, we modernized all key systems in our IT-environment, in order to improve our time to market, decrease our total cost base and increase customer satisfaction. We significantly reduced the number of our IT-suppliers and implemented a “software as a service” (“SaaS”) business model with leading providers such as Ericsson, Qvantel and iGate. In addition, we intend to continue to fine tune our new IT systems during the first half of 2015, in particular by upgrading our billing and collections systems and our customer care services. We believe that this will allow us to further improve our processes and effectiveness, and thereby improve our capital expenditure and working capital levels.

### ***Monetization of Data Growth***

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

- *Increased capacity for data differentiation.* We are improving our capabilities to differentiate our products through combinations of speed, data bucket size, multiple devices and service bundles to address the needs of our customers. For example, when we re-launched Orange Young in January 2013, Spotify and associated traffic was included as part of the total offering. We have also launched multi-device/multi-sim offerings, allowing customers to optimize their experience as well as maintaining an easy to understand pricing model. As part of our *à la carte* model, we allow customers to upsell and upgrade increased data services at any time. From December 2013 to December 2014, there was a 60% increase in the number of gross connections for mid- to high-value data packages.
- *4G-launch.* As part of the Swiss spectrum auctions, we acquired ample and well located spectrum blocks for a fast launch of high quality 4G services. We launched our 4G offering on 1800 and 800 MHz spectrum in May 2013 and achieved average 4G network population coverage of over 70% within eight months. As of December 31, 2014, our 4G network population coverage exceeded 90% and the download speed increased to up to 150 Mbit/s. We expect data consumption to continue growing at its present pace of nearly 100% in the foreseeable future. We are currently in the process of gradually upgrading our mobile network from 4G (LTE) to 4G+ (LTE advanced), which means that the mobile internet speed will increase from up to 150Mbit/s to up to 300 Mbit/s.

### ***Further Improvement of Quality of Network and IT***

We intend to further improve the quality of our network to enhance user experience and perception and to increase our market share. We have significantly improved the quality of our network in recent years, and we continuously seek to improve the quality of our network. According to the 2014 network performance study published by “Connect” magazine in 2014, we had the second best mobile network for mobile voice and mobile data in Switzerland and achieved a rating of “*Sehr Gut*” (very good). As part of our strategy to improve the quality of our network and IT, we have introduced the following initiatives:

- *RAN renewal completed.* In accordance with our investment plan, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements in

2013. This substantially improved the general network quality and coverage, and provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability. We benefitted from energy efficiency gains as a result of the network upgrade, resulting in lower overall network costs.

- *IT modernization.* We implemented a transformation plan in the first quarter of 2014 to replace our legacy IT architecture in order to consolidate order management, customer relationship management (“CRM”) and billing services (which had previously been allocated separately by distribution channel) under one IT system, and in-source ISP capabilities, in order to improve cost efficiency, customer care and sales productivity.
- *4G coverage and 3G-gap filling.* Our investment priorities over the next few years is to enable strong 4G and 4G+ networks to be competitive with Swisscom and to take advantage of what we believe is a spectrum portfolio advantage over our competitors. We also intend to further improve capacity and fill the current gaps in our 3G coverage, to further improve quality of service not just for new but also existing customers.

### ***Leadership in Service Excellence***

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

- *Simplicity in product range.* We closed down several non-core products from 2012 to 2013 and significantly consolidated our existing product portfolio, in order to further simplify our portfolio and be able to give full support to all the products that we offer. As a result of this consolidation, we regained leadership in high-end propositions from Swisscom and balanced entry-level propositions from Sunrise.
- *Dedicated service personnel for B2B customers.* We provide dedicated service personnel for our B2B customers that can cater to their requests without having to pass the customer on to other units in our organization.
- *Simplified interactive voice response systems.* Complex interactive voice response (“IVR”) systems are one of the top three complaints across any industry in terms of customer service. During the second and third quarters of 2013, we implemented a new call management platform to restrict the number of IVR-actions to between one and three per session to ensure that customers reach a live customer service agent more quickly compared to our competitors and to our previous service offerings. We believe that this approach has decreased technical costs as well as increased our ability to answer customers quickly and correctly.
- *Segmentation of service treatment.* To best serve our customers, we intend to continue our strategy of providing critical customer care services in-house, while outsourcing non-critical services. We believe that this strategy provides the right combination of better performance, faster response and cost efficiency.
- *Improved retention and churn management.* We intend to strengthen our efforts to retain our high quality customer base by improving customer loyalty and reducing churn. We have defined and prioritized specific initiatives to reduce churn at an early stage, and our efforts are now focused on implementing this strategy in order to further significantly reduce our churn rates in the coming years. In 2011, we formed a dedicated retention team to focus on retaining our customer base, which has led to a material reduction of churn in our most valuable postpaid segment. Our retention team focuses on retaining our customer base by applying a three-step churn management approach: (i) analyzing churn practices, churn causes and churn distribution, (ii) defining and prioritizing specific initiatives to reduce or prevent churn at an early stage and (iii) executing and monitoring a specific churn action plan, including, for example, by making follow-up calls in reply to written cancellations. Our strategy to enhance customer satisfaction and the

reduction of churn also includes the continuation of our *à la carte* flexible tariffs approach, the enhancement of the quality of our network, the development of our direct distribution network to improve customer proximity and the improvement of our billing processes.

### **The Issuers**

Matterhorn Telecom Holding S.A., a *société anonyme*, is organized under the laws of the Grand Duchy of Luxembourg.

Matterhorn Telecom S.A., a *société anonyme*, is organized under the laws of the Grand Duchy of Luxembourg and a wholly owned subsidiary of the Senior Notes Issuer.

Each of the Issuers was formed on March 25, 2015 to facilitate the Refinancing Transactions.

### **Corporate Recapitalization**

On the Issue Date, the Senior Secured Notes Issuer will be inserted into the holding structure above Matterhorn Mobile, the direct parent company of Orange, and the Senior Notes Issuer will be inserted into the holding structure directly above the Senior Secured Notes Issuer. See “—*Corporate Structure and Certain Financing Arrangements*.” The Senior Secured Notes Issuer will issue the Senior Secured Notes and the Senior Notes Issuer will issue the Senior Notes. The Senior Secured Notes Issuer will on-lend to Matterhorn Mobile a portion of the proceeds of the Senior Secured Notes to redeem the Existing Notes, and the Issuers will repatriate a portion of the proceeds of the Notes offered hereby upstream to redeem the remaining Existing Notes and to make a distribution to our shareholder as described below under “—*The Refinancing Transactions*.” We expect our Corporate Recapitalization to result in an increase in equity in the Issuers, allowing for flexible cash repatriation in the future.

### **The Refinancing Transactions**

The refinancing transactions (“Refinancing Transactions”) consist of the following transactions:

- the issuance by the Senior Secured Notes Issuer of CHF 1,758 million (equivalent) aggregate principal amount of Senior Secured Notes offered hereby;
- the issuance by the Senior Notes Issuer of €250 million aggregate principal amount of Senior Notes offered hereby;
- the redemption in full of all the Existing Notes;
- the termination or amendment of our existing currency and interest rate swaps and the entry into certain hedging agreements to fix a portion of our currency and interest rates with respect to the Notes being offered hereby;
- the distribution to our shareholder; and
- the payment of fees and expenses in connection with the foregoing transactions, including the fees and expenses to be incurred in connection with this Offering.

See “—*Sources and Uses for the Refinancing Transactions*.”



## Sources and Uses for the Refinancing Transactions

The expected estimated sources and uses of the funds with respect to the Refinancing Transactions 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, the amount of accrued and unpaid interest and the redemption premium payable with respect to the redemption of the Existing Notes, the amount of cash on our statement of financial position, and the actual Issue Date.

Sources of Funds	(CHF in millions)	Uses of Funds	(CHF in millions)
		Redemption in full of the Existing Notes <sup>(1)(3)</sup> . . . . .	1,651
		Termination or amendment of existing hedging obligations <sup>(4)</sup> . . .	217
Notes offered hereby <sup>(1)</sup> . . . . .	2,017	Distribution to shareholder . . . . .	150
Cash <sup>(2)</sup> . . . . .	22	Estimated fees and expenses <sup>(5)</sup> . . .	20
<b>Total sources</b>	<b>2,039</b>	<b>Total uses</b> . . . . .	<b>2,039</b>

(1) The CHF-equivalent of the euro-denominated Existing Notes and the Notes offered hereby has been converted at an exchange rate of CHF 1.034 per €1.00. This exchange rate differs from the exchange rate in effect as of December 31, 2014 and may differ from the exchange rate in effect as of the Issue Date. See “*Exchange Rate Information*” for further information.

(2) Represents cash to be used in connection with the Refinancing Transactions.

(3) The issuers of the Existing Notes intend to redeem all the Existing Notes in full at an aggregate cost of approximately CHF 1,651 million (including the aggregate outstanding amount of indebtedness plus redemption premium and accrued and unpaid interest) as part of the Refinancing Transactions.

(4) Represents estimated costs associated with the termination or amendment of our existing currency and interest rate swaps as part of the Refinancing Transactions.

(5) Represents estimated fees and expenses associated with the Refinancing Transactions, including underwriting and professional fees and transaction costs.

## Recent Developments

### *The Acquisition*

Pursuant to the NJJ Acquisition Agreement, OCH-AT Holding SA and OCH-AT Management S.à r.l. (subsidiaries of NJJ Suisse Acquisition) acquired all of the issued and outstanding capital stock of Matterhorn Financing on February 23, 2015 (the “Acquisition”) for a total transaction value of CHF 2.8 billion, of which CHF 1.1 billion comprised equity. Founded in 2010, NJJ Suisse Acquisition is the private holding company of entrepreneur and telecommunications investor Xavier Niel. See “*Principal Shareholder*.”

### *Revolving Credit Facility*

On February 23, 2015, we refinanced our Revolving Credit Facility. As part of the Refinancing Transactions, the total committed amount under the Revolving Credit Facility will be increased from CHF 100 million to CHF 150 million on or about the Issue Date. As of the Issue Date, the Revolving Credit Facility will be undrawn and fully available. See “*Description of Certain Financing Arrangements*.”

### *Rebranding*

On March 31, 2015, we announced plans to carry out a rebranding process. We will announce our new brand name in the near term.

### *Trading Update*

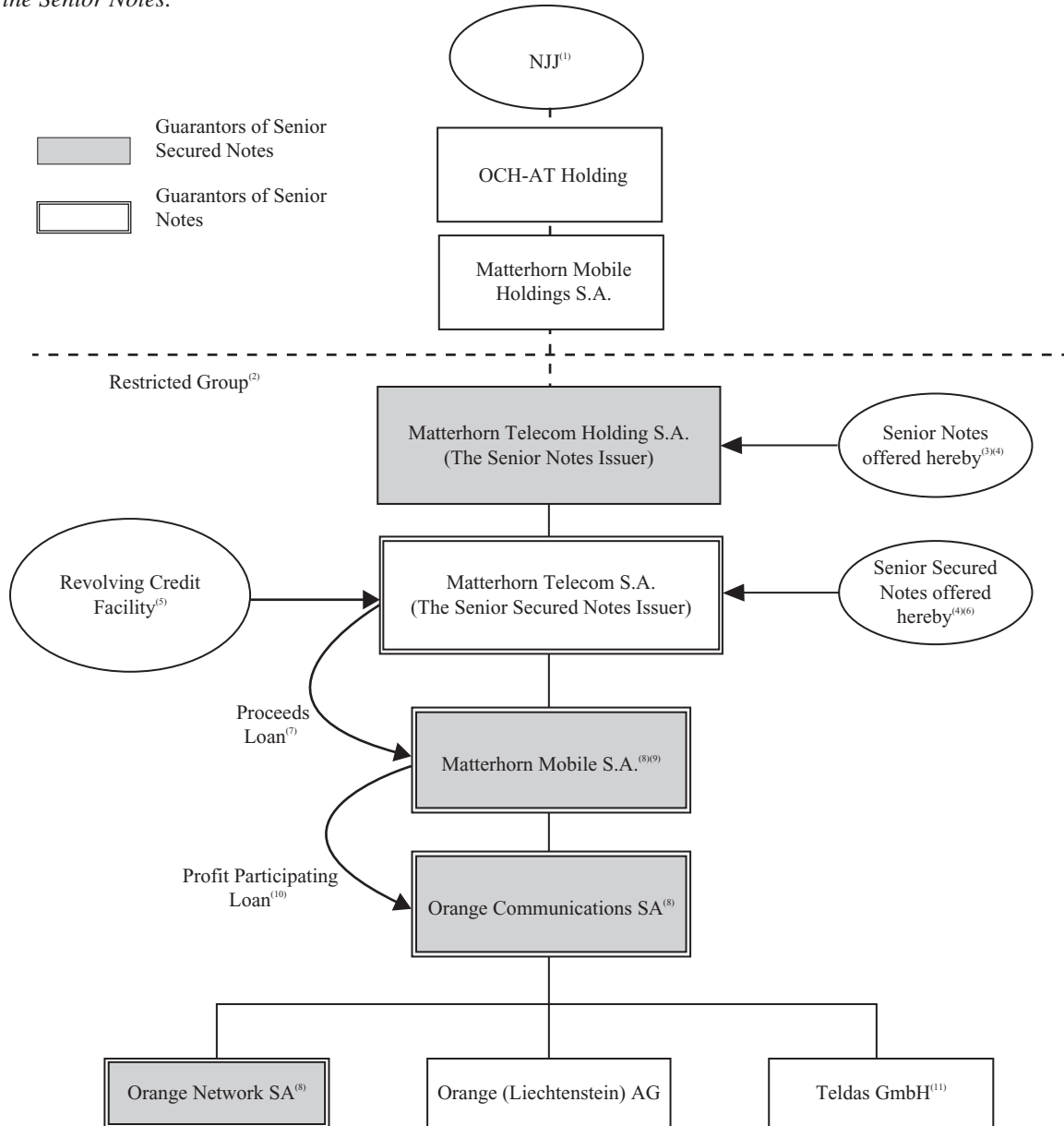
Although our results for the three months ended March 31, 2015 are not currently available, based on the information that is currently available to us, we believe that our 2015 first quarter results will be in line with our expectations, with a year-on-year subscriber base growth of approximately 1%. We expect that ARPU will decrease in the three months ended March 31, 2015 compared to the three months ended March 31, 2014. This decline in ARPU is consistent with the trend of a decrease in ARPU in the comparable period for 2014.

We also believe that our revenue and Adjusted EBITDA for the three months ended March 31, 2015 will be higher than our revenue and Adjusted EBITDA for the three months ended March 31, 2014. Our actual first quarter results may differ materially from these first quarter result estimates.



## CORPORATE STRUCTURE AND CERTAIN FINANCING ARRANGEMENTS

The following diagram shows a simplified summary of our corporate and principal financing structure after giving effect to the Refinancing Transactions and Corporate Recapitalization. The diagram does not include all entities in the Group, nor all of the debt obligations thereof. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled “*Summary Capitalization*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capitalization of the Senior Notes Issuer*,” “*Description of Certain Financing Arrangements*,” “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*.”



(1) “NJJ” refers to the private holding company of entrepreneur and telecommunications investor Xavier Niel or any of its direct or indirect subsidiaries, including NJJ Suisse Acquisition, from time to time investing, directly or indirectly, in the Issuers. See “*Principal Shareholder*.”

(2) The entities in the Restricted Group, which is comprised of the Senior Notes Issuer and its subsidiaries, including the Senior Secured Notes Issuer, are subject to the covenants in the Revolving Credit Facility and the Indentures.

(3) The Senior Notes Issuer will issue €250 million aggregate principal amount of Senior Notes. The Senior Notes will be senior obligations of the Senior Notes Issuer and will be guaranteed on a senior subordinated basis by the Senior Secured Notes Issuer, Matterhorn Mobile, Orange and Orange Network. The Senior Notes will be secured by second-ranking security interests over shares of capital stock of the Senior Secured Notes Issuer, subject to the operation of the Agreed Security Principles and the Intercreditor Agreement. See “*Description of the Senior Notes*” for further information.

(4) The guarantees of and the security granted in favor of the Senior Notes and the guarantees of and the security granted in favor of the Senior Secured Notes will be subject to certain limitations under applicable law, as described under “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*.”

- (5) As of February 23, 2015, MMH and certain of its subsidiaries including Matterhorn Mobile entered into the Revolving Credit Facility. On or about the Issue Date, MMH will be succeeded as the parent under the Revolving Credit Facility by the Senior Notes Issuer. On or about the Issue Date, Matterhorn Mobile will be succeeded as the company under the Revolving Credit Facility by the Senior Secured Notes Issuer. As of the Issue Date, the Revolving Credit Facility will be undrawn and fully available. As part of the Refinancing Transactions, the total committed amount under the Revolving Credit Facility will be increased from CHF 100 million to CHF 150 million on or about the Issue Date. As of the Issue Date, the Revolving Credit Facility will be, subject to certain limitations, secured by first-ranking security interests over (i) shares of capital stock of each of the Senior Secured Notes Issuer, Matterhorn Mobile, Orange and Orange Network; (ii) certain bank accounts; (iii) intragroup receivables, including the Proceeds Loan and Profit Participating Loan and (iv) the rights of Matterhorn Mobile under the Apax Acquisition Agreement, in each case, subject to the operation of the Agreed Security Principles and the Intercreditor Agreement. See “*Description of Certain Financing Arrangements—Revolving Credit Facility*” for further information.
- (6) The Senior Secured Notes Issuer will issue CHF 1,758 million (equivalent) aggregate principal amount of Senior Secured Notes. The Senior Secured Notes will be senior obligations of the Senior Secured Notes Issuer and will be guaranteed, subject to certain limitations, on a senior basis by the Senior Notes Issuer, Matterhorn Mobile, Orange and Orange Network. The Senior Secured Notes will be secured, subject to certain limitations, by first-ranking security interests over the same assets that secure the Revolving Credit Facility, subject to the operation of the Agreed Security Principles and the Intercreditor Agreement. Under the terms of the Intercreditor Agreement, lenders under the Revolving Credit Facility and counterparties to certain hedging agreements will receive proceeds from the enforcement of the security in priority to holders of the Senior Secured Notes. See “*Description of the Senior Secured Notes*” for further information.
- (7) A portion of the proceeds of the Senior Secured Notes offered hereby will be on-lent by the Senior Secured Notes Issuer to Matterhorn Mobile pursuant to the Proceeds Loan. See “*Use of Proceeds*.” The rights of the Senior Secured Notes Issuer under the Proceeds Loan will be pledged in favor of the Security Agent and comprise part of the collateral securing the Senior Secured Notes and the Revolving Credit Facility. See “*Description of the Senior Secured Notes—Security—The Collateral*.” The Proceeds Loan is subordinated in right of payment to the Senior Secured Notes and the Senior Secured Notes Guarantees pursuant to the Intercreditor Agreement. See “*Description of the Senior Secured Notes—The Proceeds Loan and Profit Participating Loan*” for more information.
- (8) As of and for the year ended December 31, 2014, our subsidiaries that will guarantee the Notes, Matterhorn Mobile, Orange and Orange Network, represented 100.3% of the Group’s EBITDA (our only subsidiary that will not guarantee the Notes, Orange (Liechtenstein) AG, generated negative EBITDA), 100% of the Group’s revenue and 99.1% of the Group’s assets.
- (9) Following the Issue Date, we may liquidate Matterhorn Mobile.
- (10) Matterhorn Mobile, as lender, has entered into a downstream profit participating loan with Orange, as borrower. The Profit Participating Loan is subordinated in right of payment to the Senior Secured Notes and the Senior Secured Notes Guarantees pursuant to the Intercreditor Agreement. See “*Description of the Senior Secured Notes—The Proceeds Loan and Profit Participating Loan*” for more information. The rights of Matterhorn Mobile in the Profit Participating Loan will be pledged in favor of the Security Agent and comprise part of the collateral securing the Senior Secured Notes and the Revolving Credit Facility. See “*Description of the Senior Secured Notes—Security—The Collateral*.”
- (11) Orange owns 23.0% of the capital stock of Teldas GmbH, which will not be a guarantor of either the Senior Secured Notes or the Senior Notes.

## THE OFFERING

The following is a brief summary of certain terms of the Offering of the Notes. It may not contain all the information that is important to you. For additional information regarding the Notes and the Guarantees, see “Description of Certain Financing Arrangements—Intercreditor Agreement,” “Description of the Senior Secured Notes” and “Description of the Senior Notes.”

### Issuer

Senior Secured Notes .....	Matterhorn Telecom S.A., a <i>société anonyme</i> organized under the laws of the Grand Duchy of Luxembourg.
Senior Notes .....	Matterhorn Telecom Holding S.A., a <i>société anonyme</i> organized under the laws of the Grand Duchy of Luxembourg.

### Notes Offered

CHF Fixed Rate Senior Secured Notes .....	CHF 450 million aggregate principal amount of 3.625% senior secured notes due 2022 (the “CHF Fixed Rate Senior Secured Notes”).
Euro Fixed Rate Senior Secured Notes .....	€1,000 million aggregate principal amount of 3.875% senior secured notes due 2022 (the “Euro Fixed Rate Senior Secured Notes” and, together with the CHF Fixed Rate Senior Secured Notes, the “Fixed Rate Senior Secured Notes”).
Floating Rate Senior Secured Notes ..	€265 million aggregate principal amount of floating rate senior secured notes due 2022 (the “Floating Rate Senior Secured Notes” and, together with the Fixed Rate Senior Secured Notes, the “Senior Secured Notes”).
Senior Notes .....	€250 million aggregate principal amount of 4.875% senior notes due 2023 (the “Senior Notes” and, together with the Senior Secured Notes, the “Notes”).
Issue Date .....	The Notes will be issued on or about April 23, 2015.

### Issue Price

CHF Fixed Rate Senior Secured Notes .....	100.000% plus accrued interest, if any, from the Issue Date.
Euro Fixed Rate Senior Secured Notes .....	100.000% plus accrued interest, if any, from the Issue Date.
Floating Rate Senior Secured Notes ..	100.000% plus accrued interest, if any, from the Issue Date.
Senior Notes .....	100.000% plus accrued interest, if any, from the Issue Date.

### Maturity Date

CHF Fixed Rate Senior Secured Notes .....	May 1, 2022.
Euro Fixed Rate Senior Secured Notes .....	May 1, 2022.
Floating Rate Senior Secured Notes ..	May 1, 2022.
Senior Notes .....	May 1, 2023.

### Interest Rate

CHF Fixed Rate Senior Secured Notes .....	3.625%.
Euro Fixed Rate Senior Secured Notes .....	3.875%.

Floating Rate Senior Secured Notes . . Floating rate interest equal to three-month EURIBOR plus 3.75% per year, as determined by the Calculation Agent. The interest rate on the Floating Rate Senior Secured Notes for each subsequent interest period will be reset quarterly on each interest payment date.

The floating interest rate for the subsequent interest period will be determined on the second business day prior to the applicable interest payment date.

Senior Notes . . . . . 4.875%.

### **Interest Payment Dates**

CHF Fixed Rate Senior Secured Notes . . . . . Semi-annually in arrears on each May 1 and November 1, commencing on November 1, 2015. Interest will accrue on the CHF Fixed Rate Senior Secured Notes from the Issue Date.

Euro Fixed Rate Senior Secured Notes . . . . . Semi-annually in arrears on each May 1 and November 1, commencing on November 1, 2015. Interest will accrue on the Euro Fixed Rate Senior Secured Notes from the Issue Date.

Floating Rate Senior Secured Notes . . Quarterly each February 1, May 1, August 1 and November 1, commencing on August 1, 2015. Interest will accrue on the Floating Rate Senior Secured Notes from the Issue Date.

Senior Notes . . . . . Semi-annually in arrears on each May 1 and November 1, commencing on November 1, 2015. Interest will accrue on the Senior Notes from the Issue Date.

### **Form of Denomination**

CHF Fixed Rate Senior Secured Notes . . . . . Each CHF Fixed Rate Senior Secured Note will have a minimum denomination of CHF 150,000 and integral multiples of CHF 1,000 in excess thereof.

Euro Fixed Rate Senior Secured Notes . . . . . Each Euro Fixed Rate Senior Secured Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof.

Floating Rate Senior Secured Notes . . Each Floating Rate Senior Secured Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof.

Senior Notes . . . . . Each Senior Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof.

### **Ranking of the Notes**

Senior Secured Notes . . . . . The Senior Secured Notes will:

- be senior obligations of the Senior Secured Notes Issuer, secured by the collateral described below under “—*Security*” on a first priority basis along with obligations under the Revolving Credit Facility and certain hedging agreements (although any liabilities in respect of obligations under the Revolving Credit Facility and such hedging agreements that are secured by the collateral will receive priority over the holders of the Senior Secured Notes with respect to any proceeds received upon any enforcement action over the collateral);

- be senior in right of payment to any subordinated indebtedness of the Senior Secured Notes Issuer, including the guarantee of the Senior Notes given by the Senior Secured Notes Issuer;
- be senior in right of payment to any future subordinated shareholder funding of the Senior Secured Notes Issuer;
- be effectively senior in right of payment to any existing or future unsecured obligations of the Senior Secured Notes Issuer, to the extent of the value of the collateral that is available to satisfy the obligations under the Senior Secured Notes;
- be effectively subordinated to any existing and future indebtedness of the Senior Secured Notes Issuer that is secured by property or assets that do not secure the Senior Secured Notes, to the extent of the value of the property or assets securing such indebtedness; and
- be effectively subordinated to any existing and future indebtedness of subsidiaries of the Senior Secured Notes Issuer that do not guarantee the Senior Secured Notes.

Senior Notes .....

The Senior Notes will:

- be senior obligations of the Senior Notes Issuer;
- rank *pari passu* in right of payment with any existing and future indebtedness of the Senior Notes Issuer that is not subordinated to the Senior Notes (including the senior guarantee given by the Senior Notes Issuer in favor of the Revolving Credit Facility and the Senior Secured Notes), but are subject to restrictions on payment in certain circumstances described under “*Description of Certain Financing Arrangements—Intercreditor Agreement*”;
- rank senior in right of payment to any existing and future obligations of the Senior Notes Issuer that is expressly subordinated to the Senior Notes;
- be effectively subordinated to any existing and future secured indebtedness of the Senior Notes Issuer and its subsidiaries that is secured by liens ranking ahead of the liens securing the Senior Notes or secured by property and assets that do not secure the Senior Notes, to the extent of the value of the property and assets securing such indebtedness (including the Senior Secured Notes and the Revolving Credit Facility); and
- be effectively subordinated to any existing and future indebtedness of subsidiaries of the Senior Notes Issuer that do not guarantee the Senior Notes.

## Guarantees

Senior Secured Notes .....

The Senior Secured Notes Issuer’s obligations under the Senior Secured Notes will be guaranteed on a senior secured basis by the Senior Secured Notes Guarantors. The Senior Secured Notes Guarantees of the Senior Notes Issuer and Matterhorn Mobile will be limited under Luxembourg law, and the Senior Secured Notes Guarantees of Orange and Orange Network will be limited under Swiss law, each as described under “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability,*” “*Risk Factors—Risks Related to the Notes and Our Structure—The Swiss collateral is subject to*

*hardening periods and the Swiss Guarantees are subject to fraudulent transfer (avoidance actions)” and “Risk Factors—Risks Related to the Notes and Our Structure—The insolvency laws of Luxembourg and Switzerland may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.”*

As of and for the year ended December 31, 2014, our subsidiaries that will guarantee the Notes, Matterhorn Mobile, Orange and Orange Network, represented 100.3% of the Group’s EBITDA (our only subsidiary that will not guarantee the Notes, Orange (Liechtenstein) AG, generated negative EBITDA), 100% of the Group’s revenue and 99.1% of the Group’s assets.

Senior Notes .....

The Senior Notes Issuer’s obligations under the Senior Notes will be guaranteed on a senior subordinated basis by the Senior Notes Guarantors. The Senior Notes Guarantees of the Senior Secured Notes Issuer and Matterhorn Mobile will be limited under Luxembourg law, and the Senior Notes Guarantees of Orange and Orange Network will be limited under Swiss law, each as described under “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability,*” “*Risk Factors—Risks Related to the Notes and Our Structure—The Swiss collateral is subject to hardening periods and the Swiss Guarantees are subject to fraudulent transfer (avoidance actions)” and “Risk Factors—Risks Related to the Notes and Our Structure—The insolvency laws of Luxembourg and Switzerland may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.”*

As of and for the year ended December 31, 2014, our subsidiaries that will guarantee the Notes, Matterhorn Mobile, Orange and Orange Network, represented 100.3% of the Group’s EBITDA (our only subsidiary that will not guarantee the Notes, Orange (Liechtenstein) AG, generated negative EBITDA), 100% of the Group’s revenue and 99.1% of the Group’s assets.

## Ranking of the Guarantees

Senior Secured Notes .....

Each Senior Secured Notes Guarantee will:

- be the senior obligation of the relevant Senior Secured Notes Guarantor, secured by the collateral described below under “—*Security*” on a first-priority basis along with obligations under the Revolving Credit Facility and certain hedging agreements (although any liabilities in respect of obligations under the Revolving Credit Facility and such hedging agreements that are secured by the collateral will receive priority over the holders of the Senior Secured Notes with respect to any proceeds received upon any enforcement action over the collateral);
- be senior in right of payment to any subordinated indebtedness of the relevant Senior Secured Notes Guarantor, including the guarantees of the Senior Notes, as applicable;
- be senior in right of payment to any future subordinated shareholder funding of the Senior Secured Notes Guarantors;
- be effectively senior in right of payment to any existing or future unsecured obligations of the Senior Secured Notes Guarantors, to the extent of the value of the collateral that is available to satisfy the obligations under the Senior Secured Notes; and



	<ul style="list-style-type: none"> <li>• be effectively senior in right of payment to any existing or future obligations of the relevant Senior Secured Notes Guarantor secured on a basis junior to the Senior Secured Notes, to the extent of the value of the collateral that is available to satisfy the obligations under the Senior Secured Notes.</li> </ul> <p>The Senior Secured Notes Guarantees will be subject to the terms of the Intercreditor Agreement. See “<i>Description of Certain Financing Arrangements—Intercreditor Agreement.</i>”</p> <p>The Senior Secured Notes Guarantees will be subject to release under certain circumstances. See “<i>Description of the Senior Secured Notes—Brief Description of the Notes and the Notes Guarantees—The Parent Guarantee</i>” and “<i>Description of the Senior Secured Notes—Brief Description of the Notes and the Notes Guarantees—The Subsidiary Guarantees.</i>”</p>
Senior Notes .....	<p>Each Senior Notes Guarantee will:</p> <ul style="list-style-type: none"> <li>• be a senior subordinated obligation of the relevant Senior Notes Guarantor;</li> <li>• be subordinated in right of payment to all existing and future senior indebtedness of each Senior Notes Guarantor (including the Senior Notes Guarantors’ obligations under the Senior Secured Notes, the Revolving Credit Facility and certain hedging agreements);</li> <li>• rank <i>pari passu</i> in right of payment with any existing and future senior subordinated indebtedness of that Senior Notes Guarantor;</li> <li>• rank senior in right of payment to any existing and future obligations of that Senior Notes Guarantor that is expressly subordinated to such Senior Notes Guarantee; and</li> <li>• be effectively subordinated to any existing and future indebtedness of that Senior Notes Guarantor that is secured by liens senior to the liens securing that Senior Notes Guarantor’s guarantee or secured with property or assets that do not secure that Senior Notes Guarantor’s guarantee, to the extent of the value of the property or assets securing such indebtedness.</li> </ul> <p>The Senior Notes Guarantees will be subject to the terms of the Intercreditor Agreement, including payment blockage upon a senior default and standstills on enforcement. See “<i>Risk Factors—Risks Related to the Collateral—The Senior Notes Guarantees will be subordinated to our existing and future senior debt and the Senior Notes are subject to restrictions on payment and enforcement</i>” and “<i>Description of Certain Financing Arrangements—Intercreditor Agreement.</i>”</p> <p>The Senior Notes Guarantees will be subject to release under certain circumstances. See “<i>Description of the Senior Notes—Brief Description of the Notes and the Notes Guarantees—The Notes Guarantees.</i>”</p>
<b>Security</b>	
Senior Secured Notes .....	<p>Subject to the terms of the Security Documents, the operation of the Agreed Security Principles, the Intercreditor Agreement, certain perfection requirements and any Permitted Collateral Liens, the Senior Secured Notes and the Senior Secured Notes Guarantees will be secured by first-ranking liens granted on an equal and ratable first-priority basis over:</p> <ul style="list-style-type: none"> <li>• shares of capital stock of each of Matterhorn Mobile, Orange, Orange Network and the Senior Secured Notes Issuer;</li> </ul>

- certain bank accounts;
- intragroup receivables, including the Proceeds Loan and the Profit Participating Loan; and
- the rights of Matterhorn Mobile under the Apax Acquisition Agreement;

provided that lenders under the Revolving Credit Facility and counterparties to certain hedging agreements will receive proceeds from the enforcement of the security described below in priority to holders of the Senior Secured Notes. See “*Description of Certain Financing Arrangements—Revolving Credit Facility*” and “*Description of Certain Financing Arrangements—Intercreditor Agreement*.”

Senior Notes .....

The Senior Notes and the Senior Notes Guarantees will be secured on a second-priority basis, subject to the operation of the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, over shares of capital stock of the Senior Secured Notes Issuer.

**Limitations on and Release of Security** .....

The security granted by, or in respect of, the Senior Secured Notes Issuer and Matterhorn Mobile will be limited under Luxembourg law and the security granted by, or in respect of, Orange and Orange Network will be limited under Swiss law, each as described under “*Risk Factors—Risks Related to the Notes and to Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*,” “*Risk Factors—Risks Related to the Notes and Our Structure—The Swiss collateral is subject to hardening periods and the Swiss Guarantees are subject to fraudulent transfer (avoidance actions)*” and “*Risk Factors—Risks Related to the Notes and Our Structure—The insolvency laws of Luxembourg and Switzerland may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*.”

The liens and security interests securing the Notes may be released under certain circumstances. See “*Risk Factors—Risks Related to the Notes and Our Structure—There are circumstances other than repayment or discharge of the Notes under which the collateral securing the Notes and the Guarantees will be released automatically, without your consent or the consent of the Trustee*,” “*Description of Certain Financing Arrangements—Intercreditor Agreement*,” “*Description of the Senior Secured Notes—Security—Release of Liens*” and “*Description of the Senior Notes—Security—Release of Liens*.”

**Additional Amounts** .....

Any payments made by or on behalf of either Issuer or any Guarantor with respect to the Notes or with respect to any Guarantee will be made without withholding or deduction for taxes in any relevant taxing jurisdiction unless required by law. If either Issuer or any Guarantor is required by law to withhold or deduct for such taxes with respect to a payment to the holders of Notes, such Issuer or Guarantor will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See “*Description of the Senior Secured Notes—Withholding Taxes*” and “*Description of the Senior Notes—Withholding Taxes*.”

## Optional Redemption

### CHF Fixed Rate Senior Secured

Notes .....

Prior to May 1, 2018, the Senior Secured Notes Issuer will be entitled at its option to redeem all or a portion of the CHF Fixed Rate Senior Secured Notes at a redemption price equal to 100% of the principal amount of the CHF Fixed Rate Senior Secured Notes plus the applicable “make-whole” premium described in this Offering Memorandum and accrued and unpaid interest to the redemption date.

Prior to May 1, 2018, the Senior Secured Notes Issuer will be entitled at its option on one or more occasions to redeem the CHF Fixed Rate Senior Secured Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the CHF Fixed Rate Senior Secured Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 103.625% of the principal amount outstanding in respect of the CHF Fixed Rate Senior Secured Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the aggregate principal amount of the CHF Fixed Rate Senior Secured Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the closing date of the relevant equity offering.

On or after May 1, 2018, the Senior Secured Notes Issuer will be entitled at its option to redeem all or a portion of the CHF Fixed Rate Senior Secured Notes at the applicable redemption prices set forth under the caption “*Description of the Senior Secured Notes—Optional Redemption—Optional Redemption of the CHF Fixed Rate Notes*” plus accrued and unpaid interest to the redemption date.

### Euro Fixed Rate Senior Secured

Notes .....

Prior to May 1, 2018, the Senior Secured Notes Issuer will be entitled at its option to redeem all or a portion of the Euro Fixed Rate Senior Secured Notes at a redemption price equal to 100% of the principal amount of the Euro Fixed Rate Senior Secured Notes plus the applicable “make-whole” premium described in this Offering Memorandum and accrued and unpaid interest to the redemption date.

Prior to May 1, 2018, the Senior Secured Notes Issuer will be entitled at its option on one or more occasions to redeem the Euro Fixed Rate Senior Secured Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Euro Fixed Rate Senior Secured Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 103.875% of the principal amount outstanding in respect of the Euro Fixed Rate Senior Secured Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the aggregate principal amount of the Euro Fixed Rate Senior Secured Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the closing date of the relevant equity offering.

On or after May 1, 2018, the Senior Secured Notes Issuer will be entitled at its option to redeem all or a portion of the Euro Fixed Rate Senior Secured Notes at the applicable redemption prices set forth under the caption “*Description of the Senior Secured Notes—Optional Redemption—Optional Redemption of the Euro Fixed Rate Notes*” plus accrued and unpaid interest to the redemption date.

Floating Rate Senior Secured Notes . . . Prior to May 1, 2016, the Senior Secured Notes Issuer will be entitled at its option to redeem all or a portion of the Floating Rate Notes at a redemption price equal to 100% of the principal amount of the Floating Rate Notes plus the applicable “make-whole” premium described in this Offering Memorandum and accrued and unpaid interest to the redemption date.

On or after May 1, 2016, the Senior Secured Notes Issuer will be entitled at its option to redeem all or a portion of the Floating Rate Senior Secured Notes at the applicable redemption prices set forth under the caption “*Description of the Senior Secured Notes—Optional Redemption—Optional Redemption of the Floating Rate Notes*” plus accrued and unpaid interest to the redemption date.

Senior Notes . . . . . Prior to May 1, 2018, the Senior Notes Issuer will be entitled at its option to redeem all or a portion of the Senior Notes at a redemption price equal to 100% of the principal amount of the Senior Notes plus the applicable “make-whole” premium described in this Offering Memorandum and accrued and unpaid interest to the redemption date.

Prior to May 1, 2018, the Senior Notes Issuer will be entitled at its option on one or more occasions to redeem the Senior Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Senior Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 104.875% of the principal amount outstanding in respect of the Senior Notes, plus accrued and unpaid interest to the redemption date, so long as at least 60% of the aggregate principal amount of the Senior Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the closing date of the relevant equity offering.

On or after May 1, 2018, the Senior Notes Issuer will be entitled at its option to redeem all or a portion of the Senior Notes at the applicable redemption prices set forth under the caption “*Description of the Senior Notes—Optional Redemption*” plus accrued and unpaid interest to the redemption date.

#### **Optional Redemption for Tax Reasons**

Senior Secured Notes . . . . . In the event of certain developments affecting taxation or certain other circumstances, the Senior Secured Notes Issuer 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, if any, and additional amounts, if any, to the date of redemption. See “*Description of the Senior Secured Notes—Redemption for Taxation Reasons.*”

Senior Notes . . . . . In the event of certain developments affecting taxation or certain other circumstances, the Senior Notes Issuer may redeem the Senior Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See “*Description of the Senior Notes—Redemption for Taxation Reasons.*”

**Change of Control** . . . . . Upon the occurrence of certain events defined as constituting a change of control, the Issuers may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. A change of control will not

be deemed to have occurred on one occasion if the acquiror operates a permitted business and a certain consolidated leverage ratio is not exceeded as a result of such event that constitutes a Specified Change of Control Event (as defined in “*Description of the Senior Secured Notes—Certain Definitions—Specified Change of Control Event*” and “*Description of the Senior Notes— Certain Definitions—Specified Change of Control Event.*”). See “*Description of the Senior Secured Notes—Change of Control*” and “*Description of the Senior Notes—Change of Control.*”

**Certain Covenants . . . . .**

The Senior Secured Notes Indenture and the Senior Notes Indenture, among other things, will restrict the ability of the Senior Notes Issuer and its restricted subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- in the case of the Senior Notes, layer debt;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Senior Notes Issuer or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to the Senior Notes Issuer or any of its restricted subsidiaries;
- sell, lease or transfer certain assets including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;
- consolidate or merge with other entities;
- impair the security interests for the benefit of the holders of the Notes; and
- amend certain documents.

Each of these covenants is subject to significant exceptions and qualifications. See “*Description of the Senior Secured Notes—Certain Covenants*” and “*Description of the Senior Notes—Certain Covenants.*”

**Transfer Restrictions . . . . .**

The Notes and the Guarantees have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction and are subject to restrictions on transferability and resale. See “*Notice to Investors*” and “*Transfer Restrictions.*” We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer).

**No Prior Market . . . . .**

The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, there is no assurance that an active trading market will develop for the Notes.

<b>Listing</b> .....	Application will be made to have the Notes admitted for trading on the Euro MTF Market, and to list the Notes on the Official List of the Luxembourg Stock Exchange.
<b>Governing Law for the Notes, Guarantees and the Indentures</b> ....	New York law.
<b>Governing Law for the Intercreditor Agreement</b> .....	English law.
<b>Governing Law for the Security Documents</b> .....	Luxembourg and Swiss law.
<b>Senior Secured Notes Trustee</b> ....	Deutsche Trustee Company Limited.
<b>Senior Notes Trustee</b> .....	Deutsche Trustee Company Limited.
<b>Registrar, Listing Agent and Transfer Agent</b> .....	Deutsche Bank Luxembourg S.A.
<b>Paying Agent</b> .....	Deutsche Bank AG, London Branch.
<b>Calculation Agent</b> .....	Deutsche Bank AG, London Branch.
<b>Security Agent</b> .....	Société Générale.

### **RISK FACTORS**

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



## SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

Each of the Issuers was formed on March 25, 2015 for the purpose of facilitating the Corporate Recapitalization being undertaken in connection with the Refinancing Transactions. See “*Summary—The Refinancing Transactions.*” The Senior Notes Issuer is the direct parent company of the Senior Secured Notes Issuer, and as of the Issue Date, the Senior Secured Notes Issuer will be the new direct parent company of Matterhorn Mobile and the indirect parent company of Orange. Each Issuer is a holding company, and none of the Issuers or Matterhorn Mobile has material assets or liabilities other than their interest in Orange. As of the Issue Date, the Senior Notes Issuer together with its direct and indirect subsidiaries, including the Senior Secured Notes Issuer and Orange, will constitute the Group.

As of the date of this Offering Memorandum, MMH is the direct parent company of Matterhorn Mobile, and Matterhorn Mobile is the direct parent company of Orange. MMH together with its direct and indirect subsidiaries, including Matterhorn Mobile and Orange, constitutes the MMH Group from February 29, 2012, when Matterhorn Mobile acquired Orange. As a result, we have included and discussed in this Offering Memorandum the audited consolidated financial statements of the MMH Group. Both of MMH and Matterhorn Mobile are holding companies with no independent business operations or significant assets other than investments in Orange and were formed for the issuance of the Existing Senior Notes and the Existing Senior Secured Notes. Following the Issue Date, we intend to liquidate MMH, and we may liquidate Matterhorn Mobile. See “*Summary—Corporate Recapitalization.*”

This Offering Memorandum includes the audited consolidated financial statements of the MMH Group for the years ended December 31, 2013 and 2014. The audited consolidated financial statements of the MMH Group as of and for the years December 31, 2013 and 2014 have been prepared in accordance with IFRS. The financial information presented in this Offering Memorandum for the years ended December 31, 2013 and 2014 is the consolidated financial information of the MMH Group, which has been derived from the audited consolidated financial statements of the MMH Group.

In the audited consolidated financial statements of the MMH Group as of and for the year ended December 31, 2013, the figures for the year ended December 31, 2012 were restated to reflect revised auditing standards and amendments that came into effect from January 1, 2013. The financial information presented in this Offering Memorandum for the year ended December 31, 2012 has been derived from the audited consolidated statements of the MMH Group for the year ended December 31, 2013.

The revised auditing standards and amendments that came into effect from January 1, 2013 relate to the accounting for changes in defined benefit obligations and plan assets, which require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. These changes have had an impact on the amounts recognized in profit or loss and other comprehensive income in 2012.

The financial information for the Orange Group for the period from January 1, 2012 to February 29, 2012 as predecessor has been derived from the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013, and the financial information for the MMH Group for the period from March 1, 2012 to December 31, 2012 as successor has also been derived from the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013.

Unless otherwise indicated, the financial information presented in this Offering Memorandum for the year ended December 31, 2012 is the unaudited aggregate financial information that combines the results of the Orange Group and the MMH Group for the year ended December 31, 2012 as restated. The aggregated financial information for the year ended December 31, 2012 is calculated by taking the financial information for the Orange Group for the period from January 1, 2012 to February 29, 2012 (as set out in the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013), from when Matterhorn Mobile, the wholly owned subsidiary of MMH, acquired Orange and consolidated

its results, and adding it to the financial information for the MMH Group for the period from March 1, 2012 to December 31, 2012 (as set out in the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013).

The presentation of all the unaudited aggregated information for the year ended December 31, 2012 is not intended to comply with IFRS and does not represent *pro forma* information. The unaudited aggregated financial results are intended to give an indication of the financial results of the aggregated results of operations of the Orange Group and the MMH Group for the year ended December 31, 2012 as restated. The unaudited aggregated financial results for these periods are not fully comparable with other periods.

In addition, this Offering Memorandum includes unaudited consolidated *pro forma* financial data and as adjusted unaudited consolidated financial data, which have been adjusted to reflect certain effects of the Refinancing Transactions on the cash interest expense of the Group for the year ended December 31, 2014 and the effects of the Refinancing Transactions on the financial position of the Group as of December 31, 2014.

The financial data presented herein are presented in Swiss francs.

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

Effective from January 1, 2013, we have applied the Twelve Months Rule to prepaid inactivity business, the same rule applied by Swisscom. Previously, we applied the Three Months Rule. We changed our prepaid inactivity business rule in order to align our subscriber base and ARPU definition to market standards. In certain sections of this Offering Memorandum, we have applied the Three Months Rule to certain 2013 figures for comparison purposes.

*Summary Consolidated Statement of Profit / (Loss)*

	Orange	MMH	Aggregate (Orange and MMH)	MMH	
	For the period from January 1 to February 29, 2012	For the period from March 1 to December 31, 2012	For the year ended December 31, 2012	For the year ended December 31, 2013	For the year ended December 31, 2014
	(CHF in thousands)				
<b>Revenue</b> .....	<b>203,560</b>	<b>1,118,056</b>	<b>1,321,616</b>	<b>1,291,426</b>	<b>1,316,090</b>
Access, back bone, interconnection and content costs .....	(35,664)	(184,261)	(219,925)	(204,979)	(189,135)
Commercial expenses and cost of equipment sold ...	(58,138)	(354,412)	(412,550)	(387,929)	(410,698)
Network, IT, property expenses and other purchases .....	(31,010)	(146,800)	(177,810)	(173,516)	(163,876)
Labor expenses .....	(23,155)	(113,738)	(136,893)	(113,127)	(107,013)
Other operating expenses ...	(4,773)	(16,788)	(21,561)	(33,325)	(31,149)
Other operating income ....	7,951	4,065	12,016	9,936	18,515
Result on disposal and other gains .....	10	122	132	13	844
Restructuring, transition and transaction costs .....	(1,079)	(45,290)	(46,369)	(22,949)	(35,618)
Corporate and brand fees ...	(4,991)	(18,897)	(23,888)	(21,410)	(19,617)
Depreciation, amortization and impairment .....	(29,702)	(238,827)	(268,529)	(329,312)	(258,534)
<b>Operating profit / (loss)</b> ...	<b>23,009</b>	<b>3,229</b>	<b>26,238</b>	<b>14,828</b>	<b>119,810</b>
Finance costs .....	(2,373)	(102,619)	(104,992)	(99,214)	(114,475)
Finance income .....	73	5,426	5,499	8,224	14,176
<b>Finance costs, net</b> .....	<b>(2,300)</b>	<b>(97,193)</b>	<b>(99,493)</b>	<b>(90,990)</b>	<b>(100,299)</b>
Profit / (loss) before tax ....	20,709	(93,965)	(73,256)	(76,163)	19,510
Income tax (expenses) / benefit .....	(5,828)	(13,512)	(19,340)	17,850	(3,983)
<b>Profit / (loss)</b> .....	<b>14,881</b>	<b>(107,477)</b>	<b>(92,596)</b>	<b>(58,313)</b>	<b>15,527</b>
Profit / (loss) attributable to equity owners .....	14,881	(107,477)	(92,596)	(58,313)	15,527

*Summary Consolidated Statement of Financial Position*

	MMH		
	As of December 31,		
	2012	2013	2014
	(CHF in thousands)		
Total non-current assets .....	2,200,207	2,070,478	1,979,537
Total current assets .....	497,750	502,996	464,818
<b>Total Assets</b> .....	<b>2,697,957</b>	<b>2,573,474</b>	<b>2,444,355</b>
Total non-current liabilities .....	1,583,593	1,486,610	1,484,108
Total current liabilities .....	575,067	583,767	507,723
<b>Total Liabilities</b> .....	<b>2,158,660</b>	<b>2,070,377</b>	<b>1,991,831</b>
<b>Total Equity</b> .....	<b>539,298</b>	<b>503,097</b>	<b>452,523</b>
<b>Total Equity and Liabilities</b> .....	<b>2,697,957</b>	<b>2,573,474</b>	<b>2,444,355</b>

**Summary Consolidated Statement of Cash Flows**

	Orange	MMH	Aggregate (Orange and MMH)	MMH	
	For the period from January 1 to February 29, 2012	For the period from March 1 to December 31, 2012	For the year ended December 31, 2012	For the year ended December 31, 2013	For the year ended December 31, 2014 <sup>(1)</sup>
	(CHF in thousands)				
Net cash provided by operating activities . . . . .	27,518	307,620	335,138	358,783	221,356
Net cash used in investing activities . . . . .	(30,863)	(1,508,622)	(1,539,485)	(157,556)	(159,310)
Net cash provided by / (used in) financing activities . . .	(413,502)	1,327,988	914,486	(175,227)	(108,411)

**Other Financial Data**

	Orange	MMH	Aggregate (Orange and MMH)	MMH	
	For the period from January 1 to February 29, 2012	For the period from March 1 to December 31, 2012	For the year ended December 31, 2012	For the year ended December 31, 2013	For the year ended December 31, 2014
	(CHF in thousands, except percentages)				
<b>Revenue</b> . . . . .	<b>203,560</b>	<b>1,118,056</b>	<b>1,321,616</b>	<b>1,291,426</b>	<b>1,316,090</b>
EBITDA <sup>(2)</sup> . . . . .	52,711	242,056	294,767	344,140	378,343
EBITDA Margin <sup>(2)</sup> . . . . .	25.9%	21.6%	22.3%	26.6%	28.7%
<b>Adjusted EBITDA<sup>(2)</sup></b> . . . . .	<b>58,771</b>	<b>306,121</b>	<b>364,892</b>	<b>388,487</b>	<b>432,734</b>
Adjusted EBITDA Margin <sup>(2)</sup> . . . . .	28.9%	27.4%	27.6%	30.1%	32.9%
Capital expenditure excluding spectrum license . . . . .	17,358	125,920	143,278	170,751	158,114
Spectrum license . . . . .	—	154,702	154,702	—	—
Total capital expenditure . . .	17,358	280,622	297,980	170,751	158,114
Capital expenditure excluding spectrum license as a percentage of total revenue . . . . .	8.5%	11.3%	10.8%	13.2%	12.0%

**Certain Credit Ratios**

	As Adjusted and Pro Forma for the Refinancing Transactions <sup>(3)</sup>
	(CHF in thousands, except ratios)
<i>Pro forma</i> cash interest expense <sup>(4)</sup> . . . . .	81,824
As adjusted net senior secured debt <sup>(5)</sup> . . . . .	1,663,166
As adjusted total net debt <sup>(6)</sup> . . . . .	1,921,666
Ratio of Adjusted EBITDA to <i>pro forma</i> cash interest expense <sup>(2), (4)</sup> . . . . .	5.29x
Ratio of as adjusted net senior secured debt to Adjusted EBITDA <sup>(2), (5)</sup> . . . . .	3.84x
Ratio of as adjusted total net debt to Adjusted EBITDA <sup>(2), (6)</sup> . . . . .	4.44x

# *Certain Operational Data*

	Aggregate (Orange and MMH)	MMH		
	As of and for the year ended December 31,			
	2012 (Three Months Rule)	2013 (Three Months Rule)	2013 (Twelve Months Rule)	2014 (Twelve Months Rule)
	(CHF in thousands, except ARPU and percentages)			
Number of subscribers at period end <sup>(7)</sup> :				
Postpaid subscribers . . . . .	1,063	1,129	1,129	1,155
Prepaid subscribers . . . . .	607	527	1,017	1,011
Total subscribers . . . . .	1,670	1,656	2,146	2,166
Total ARPU . . . . .	56	53	42	40
Data ARPU as a percentage of total ARPU . . . . .	22.1%	26.4%	26.4%	30.5%

- (1) For a description of net cash from operating activities for the year ended December 31, 2014, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Net Cash Flow from Operating Activities.*”
- (2) EBITDA and EBITDA measures are non-IFRS measures. We define EBITDA as net profit (loss) from continuing operations before income tax (expenses)/benefit, finance income, finance costs, depreciation, amortization and impairment. We define Adjusted EBITDA as EBITDA after excluding corporate, monitoring and brand fees, restructuring, transition and transaction costs, and the result on disposal and other (gains) / losses non-recurring items. We define EBITDA less capital expenditures as EBITDA less capital expenditures, which are defined as cash paid during the period for intangible assets and property, plant and equipment. This information is not and should not be viewed as a substitute for financial measures under IFRS. EBITDA and EBITDA measures are not measures of performance or liquidity under IFRS and should not be considered by investors in isolation from, or as a substitute for, or a measure of, profit, or as an indicator of our operating performance or cash flows from operating activities as determined in accordance with IFRS. We have presented this supplemental non-IFRS information because we believe that it is a useful indicator of our ability to incur and service our indebtedness and can assist investors to evaluate our business. EBITDA, Adjusted EBITDA, EBITDA less capital expenditures, EBITDA margin, Adjusted EBITDA margin and leverage and coverage ratios and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. You should exercise caution in comparing EBITDA and EBITDA measures as reported by us to similar measures reported by other companies. We encourage investors to evaluate the adjustments made to calculate Adjusted EBITDA and form their own view as to the appropriateness to exclude or include these adjustments.

EBITDA and Adjusted EBITDA as presented here differ from the definition of “Consolidated EBITDA” contained herein under “*Description of the Senior Secured Notes,*” “*Description of the Senior Notes*” and in the Indentures.

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

	Aggregate (Orange and MMH)	MMH	
	Year ended December 31,		
	2012	2013	2014
	(CHF in thousands)		
Profit / (loss)	(92,596)	(58,313)	15,527
Income tax (expenses) / benefit	19,340	(17,850)	3,983
Finance income	(5,499)	(8,224)	(14,176)
Finance costs	104,992	99,214	114,475
Depreciation, amortization and impairment	268,529	329,312	258,534
<b>EBITDA</b>	<b>294,767</b>	<b>344,140</b>	<b>378,343</b>
Corporate, monitoring and brand fees <sup>(a)</sup>	23,888	21,410	19,617
Restructuring, transition and transaction costs <sup>(b)</sup>	46,369	22,949	35,618
Result on disposal and other (gains) / losses	(132)	(13)	(844)
<b>Adjusted EBITDA</b>	<b>364,892</b>	<b>388,487</b>	<b>432,734</b>

- (a) For the year ended December 31, 2012, CHF 22.0 million reflects corporate and brand fees which we paid to the FT Group and the remaining CHF 1.9 million reflects management fees which we paid to Apax. For the year ended December 31, 2013, CHF 18.7 million reflects brand fees which we paid to the FT Group and the remaining CHF 2.7 million reflects management fees which we paid to Apax. For the year ended December 31, 2014, CHF 17.4 million reflects brand fees which we paid to the FT Group and the remaining CHF 2.2 million reflects management fees which we paid to Apax. On March 31, 2015, we announced plans to carry out a rebranding process. We will announce our new brand name in the near term. Following the rebranding, we will no longer be required to pay royalties on a quarterly basis (equivalent to 1.6% of operating revenues) under our brand license agreement with Orange Brand Services Limited for the use of the *Orange* brand. See “*Business—Marketing and Branding.*”
- (b) For the year ended December 31, 2012, this reflects transaction costs of CHF 38.7 million related to our acquisition by Apax and CHF 7.6 million of restructuring costs primarily resulting from the discontinuation of our Citydisc multimedia activities. For

the year ended December 31, 2013, this mainly reflects CHF 15.9 million of restructuring costs primarily resulting from the transformation program designed to reduce operating costs and make our business more customer-focused and CHF 6.2 million transition costs relating to our IT transformation. For the year ended December 31, 2014, this mainly reflects CHF 27.1 million costs relating to our IT transformation, of which CHF 15.6 million was attributable to the delay in bill collections as a result of challenges in implementing our IT transformation, CHF 4.9 million were a portion of rebranding costs incurred in 2014 and CHF 3.3 million were other restructuring costs.

- (3) The CHF-equivalent of the euro-denominated Notes offered hereby has been converted at an exchange rate of CHF 1.034 per €1.00. This exchange rate differs from the exchange rate in effect as of December 31, 2014 and may differ from the exchange rate in effect as of the Issue Date. See “*Exchange Rate Information*” for further information.
- (4) *Pro forma* cash interest expense represents the interest expense of the Group in connection with debt incurred under the Notes offered hereby (converted at an exchange rate of CHF 1.034 per €1.00 in the case of the euro-denominated Notes offered hereby) and the commitment fees in connection with the Revolving Credit Facility and assuming that the Refinancing Transactions had occurred on January 1, 2014.
- (5) As adjusted senior secured debt minus as adjusted cash and cash equivalents. As adjusted senior secured debt has been calculated based on the amount of senior secured debt that will be outstanding as of the Issue Date converted at an exchange rate of CHF 1.034 per €1.00 in the case of the euro-denominated Notes offered hereby.
- (6) As adjusted total debt minus as adjusted cash and cash equivalents. As adjusted total debt has been calculated based on the amount of total debt that will be outstanding as of the Issue Date converted at an exchange rate of CHF 1.034 per €1.00 in the case of the euro-denominated Notes offered hereby.
- (7) Numbers of subscribers are calculated as described in “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Mobile Subscriber Base.*”



## RISK FACTORS

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

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

### **Risks Related to Our Market and Our Business**

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

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

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

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

In June 2012, Swisscom announced new flat-rate postpaid mobile plans, which have increased prices on some low-end rate plans, but in many cases have significantly lowered the monthly price of their previous high-end rate plans. Swisscom's flat-rate plans are now based on access speed. In July 2012, Sunrise followed with an announcement regarding the reduction on some of its postpaid subscription plans. In response to such strategic pricing by its competitors, on July 21, 2012, we announced a reduction of select high-end postpaid tariffs on a promotional basis. In September 2012, Sunrise launched a new online only flat rate plan, in response to Swisscom's new flat-rate postpaid mobile plans. Further, in September 2012, Swisscom announced an update on its prepaid plans which will, dependent on usage patterns, decrease the prices for some user groups. In November 2012, we lowered the prices on some selected high-end tariffs. In January 2013, we refreshed our Orange Young offerings, available to customers under 27, which include deals offering not only unlimited calls, unlimited texts and internet access, but also offering our Orange Young customers the chance to enjoy unlimited music with the music streaming service Spotify. Over the last few years, our competitors have lowered roaming prices several times, with the most recent announcement by UPC Cablecom GmbH ("upc cablecom") in the summer of 2014 and by Swisscom in February 2015. As a result, in March 2015, we cut call rates for roaming in Europe by half compared to previous rates by launching the first flat rate. In addition, our competitors have at times pursued other aggressive marketing and pricing strategies to retain and expand their market share both with regard to mobile subscribers and contracts with mobile virtual network operators ("MVNOs") and resellers. Any

of these marketing or pricing strategies could reduce our margins, dilute our earnings and cause our customers to switch to Swisscom or Sunrise. Our subscriber acquisition and retention costs may increase for new subscribers and/or churning subscribers as a result of significant competition in the mobile telecommunications markets in which we operate, which could put further pressure on our earnings. If our competitors continue to reduce their prices, we may further review our pricing strategies in the future.

In addition, due to its dominant position and financial capacity, Swisscom has the ability to establish new market standards in Switzerland by quickly introducing new and advanced technologies, such as LTE advanced mobile networks, which would require us to accelerate our mobile network enhancements and service offerings. If this happened, we might need to adapt our network and product and service offerings, which could materially adversely affect our business and profitability.

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

We may also face increased competition in the Swiss mobile telecommunications market as a result of a consolidation of or cooperation between our competitors. Any consolidation may allow our competitors significant cross-selling potential and the ability to make new offerings available to existing customers. In addition, our competitors may enter into network sharing agreements that increase their network capabilities and significantly reduce their investment requirements and operating costs which could lead to price pressure and have a material adverse effect on our business, financial condition and results of operation. We may also enter into network sharing agreements from time to time with our competitors. While any agreement would be entered into in the expectation of a commercial benefit, there is a risk that such agreement could constrain our freedom to deploy our prospective network plans, which could have a material adverse effect on our business, financial condition and results of operation.

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

MVNOs and resellers have been increasing their share of the Swiss mobile telecommunications market in the past five years, following an international trend towards increasing diversification in the telecommunications markets. This has increased competition and pricing pressure in our markets, principally in the prepaid market but also increasingly in the postpaid market. Like all Swiss mobile network operators, we have arrangements with MVNOs and resellers. To mobile network operators, such arrangements generally provide less revenue and lower margins than other services. As a result, a potential increase in market share of MVNO and resellers may reduce our margins and revenue if we fail to increase our own market share. Aggressive pricing from MVNOs or resellers on our network or on other networks, pressure from resellers and MVNOs on our network for contract terms that are more favorable to them could also increase the competitive pressure and cause our results of operations to decline. See “—*The Swiss mobile telecommunications market is characterized by competition among existing and potential new mobile network operators.*”

In addition, a new mobile network operator (“MNO”) could successfully enter the Swiss mobile telecommunications market. Although the long-term nature of the licenses granted in the 2012 spectrum auction could constitute significant barriers to entry for potential new competitors, a new MNO could sign an agreement with one of the three network operators in Switzerland or develop and operate a network infrastructure in a specific geographical region and obtain coverage over the rest of Switzerland by entering into roaming agreements. A new MNO could also successfully enter the mobile market if new spectrum becomes available as part of the so-called digital dividend (e.g., 700 MHz) or if existing spectrum becomes available for a new allocation in case frequency sharing is allowed, existing operators consolidate or a license expires prematurely. Even if a new entrant could not roll out nationwide infrastructure at launch due to the licensing of all currently available spectrum through 2028, such an entrant could develop and operate a network infrastructure targeted at one or more geographical regions and subsequently obtain coverage over the rest of Switzerland by entering into roaming agreements or litigating similar access based on existing interconnection obligations. If any new MNO were to successfully enter the Swiss mobile telecommunications market as a fourth competitor or existing

operators were to combine or share their resources or infrastructure, it could materially reduce our market share and could overall have a material adverse effect on our business, financial condition and results of operations.

If the Swiss Federal Telecommunications Act (*Fernmeldegesetz*) were repealed or revised, there would also be a risk that technology independent network access at cost would be implemented through regulation. In this case, a new or an existing MNO as well as a new or existing MVNO would be able to demand cost-oriented access to our network or the networks of our competitors.

Embedded SIM technologies allowing multiple operators to offer their service at the same time could also enable customers to instantly switch from one MNO to the other, which would increase the risk of churn and thus competition to retain customers. If we are unable to compete effectively with MVNOs, MNOs and resellers, our business, financial condition and results of operations may be materially and adversely affected.

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

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

In addition, we may face increasing competition from a large-scale roll-out of public Wi-Fi networks by local governments and utilities, transportation service providers, new and existing Wi-Fi telecommunications operators and others, which particularly benefits OTT applications. upc cablecom is increasingly rolling out a nationwide public Wi-Fi network powered by their existing Horizon customer “homespots.” The national railway company SBB started the roll-out of free public Wi-Fi at major railway stations across Switzerland in 2014 and plans to expand Wi-Fi availability to additional railway stations. In addition, local transportation companies are starting to offer commuters free Wi-Fi access in trams and busses. Due to the ability to leverage their existing infrastructure and to roll out public Wi-Fi in a cost-efficient way, other competitors besides upc cablecom and in particular Swisscom, are better positioned to offer their customers public Wi-Fi access at attractive terms and conditions or as part of their current mobile and landline offerings, which may affect our ability to retain or acquire customers. Furthermore, our competitors may realize cost savings by off-loading mobile data traffic onto their own Wi-Fi networks or those of their partners in order to reduce costs and increase bandwidth more quickly or efficiently than we can. An increase in public Wi-Fi networks could also cause declines in ARPU and profitability as demand for our network and services decreases.

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

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

may result in the revocation of some or all of our award of spectrum frequencies by OFCOM, which could have a material adverse effect on our business, financial condition and results of operations.

We are licensed to provide mobile telecommunications services in Switzerland and Liechtenstein. In Switzerland, the license awarded to us in the 2012 spectrum auction is due to expire on December 31, 2028. This spectrum license is a technology neutral license which includes the 800 MHz, 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz spectrum awarded to us. This license covers the complete spectrum granted to us and replaces the previous GSM license (which expired on December 31, 2013) and UMTS license (due to expire on December 31, 2016). Our licenses to operate point-to-point radio relay systems expire on December 31, 2016.

In Liechtenstein, we were awarded a new license on January 30, 2015. This spectrum license is a technology neutral license which includes the 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz spectrum awarded to us. This new license covers the complete spectrum granted to us and replaces the previous GSM and UMTS licenses.

Moreover, there can be no assurance that the Swiss and/or Liechtenstein regulator will not withdraw our existing licenses if we cannot meet the license conditions.

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

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

***Customer satisfaction levels that are lower than our competitors’ customer satisfaction levels could adversely affect our ability to acquire new and maintain existing customers.***

The Swiss mobile telecommunications market is driven by, among other factors, customer satisfaction. Customer satisfaction may be impacted by a variety of factors, including customers’ perception of the overall package, price-value ratio of services, range of offerings, network quality, coverage, functionality and speed, products and services, invoice accuracy, and operators’ ability to solve customer problems in a fast and efficient way (customer service). The implementation of Net Promoter Score (“NPS”) helps us regularly measure customer loyalty and advocacy and guide material changes to our organization in order to respond to customer concerns. We may not be able to maintain and improve customer satisfaction sufficiently and may be ranked behind Swisscom, Sunrise and upc cablecom in certain satisfaction studies, such as Connect, Bilanz Rating and K-Tipp, which may affect our ability to acquire new customers and increase our customer churn, which could have a material adverse effect on our business, financial condition and results of operations.

***Our company and product rebranding may not be successful, may result in increased churn and could negatively impact our operating results.***

We have historically marketed our products and services under the *Orange* brand. On March 31, 2015, we announced our intention to rebrand the Company and our operations. We will also rebrand the Company’s offerings (including Orange Me and Orange Young) and introduce several new products. We have been operating under the *Orange* brand since our inception in 1999 and, as such, we have established strong brand-recognition in the Swiss market. We may experience difficulty in maintaining our brand-recognition upon the introduction of our new brand name and our rebranding may result in confusion among current and



prospective customers and vendors. In addition, to the extent that our corporate and product rebranding does not increase market awareness of our product offerings, we may not be successful in attracting new customers. In connection with our rebranding, we expect to incur total one-off marketing, legal and IT expenses and capital expenditures of approximately CHF 40 million, most of which will be incurred in the first half of 2015.

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

Our relationships with certain suppliers of services and equipment are critical to conducting our business. As we focus on the strategic planning and development of our mobile network, we signed a managed services agreement with Ericsson in December 2012 with a regular term of five years. This agreement covers all of our operations in Switzerland, including network management, field maintenance and spare parts management. In the field of mobile network infrastructure, including maintenance and outsourcing, we entered into a five year agreement with Nokia Siemens Networks in January 2013 to extend our radio access network and supply and build our network to deliver 4G (LTE—long term evolution) services. This turnkey delivery agreement covers all building activities such as site acquisition, build permit procedures, upgrades and hardware maintenance for our mobile network. Any failure of these service providers to perform its obligations under the contracts to the satisfaction of our customers could impact our ability to retain and attract customers or offer attractive product offerings. We also depend on other key supply partners such as Swisscom, Sunrise and upc cablecom for interconnection, VTX Services for the provision of ADSL and fixed line services, Teleperformance SA (“Teleperformance Schweiz”) regarding the provision of call center services, iGate for IT outsourcing services and Qvantel for the billing system. In addition, we have relationships with a number of key sourcing partners for mobile network equipment and software, handsets and other retail equipment, including Apple. Our contract with Apple terminated on March 31, 2015 and is currently under negotiation for a new term of three years. We continue to operate under the terms of the old agreement pending renegotiation. Although we have no reason to believe that the contract will not be renegotiated, we cannot assure you when such renegotiation will take place or that the terms under the new contract will be the same as our former contract.

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

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

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

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

- we may not be able to find suitable businesses to acquire at affordable valuations or on other acceptable terms;
- competition for acquisition targets, which may lead to substantial increases in purchase prices;
- our continued dependence on access to capital;
- our proposed acquisitions may be prohibited by certain antitrust or other regulatory laws;
- the diversion of management’s attention from existing operations to the integration of acquired companies;

- our inability to realize expected cost savings and synergies;
- expenses, delays and difficulties of integrating acquired businesses into our existing business structure; and
- difficulty in retaining key customers and management personnel.

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

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

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

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

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

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

Our business is capital intensive and requires significant amounts of investments. We have an extensive ongoing capital expenditure program that will continue to require significant capital outlays in the foreseeable future, including the continued renewal/swap of equipment at all of our access network sites, expansion of our network coverage and our IT transformation. We may also need to invest in new spectrums, networks and technologies in the future, including regarding LTE. In addition, we may also need to invest in new networks and technologies in the future, such as 5G, and make investments to provide business continuity and to meet requirements for information security and disaster recovery, all of which could require significant capital expenditures which could be further increased by new regulation requiring increased levels of the technical protection of telecommunication networks proposed by the Swiss Federal Council (*Bundesrat*) in its latest report of November 2014. If network usage develops faster than we anticipate, we may require greater capital investments in shorter timeframes than we anticipate and we may not have the resources to make such investments. In addition, costs associated with the licenses and spectrums that we need to operate our existing networks and technologies and those that we may acquire and/or develop in the future, as well as costs and rental expenses related to their deployment, could be significant. We made the first spectrum installment payment of CHF 92.8 million on July 24, 2012 and we plan to fund the second installment payment of 20%, which is due by June 30, 2015 and the third installment payment of 20%, which is due by December 31, 2016, with cash from



operations. In connection with our rebranding, we expect to incur total one-off marketing, legal and IT expenses and capital expenditures of approximately CHF 40 million, most of which will be incurred in the first half of 2015. See “—Our company and product rebranding may not be successful, may result in increased churn and could negatively impact our operating results.” The amount and timing of our future capital requirements may differ materially from our current estimates due to various factors, many of which are beyond our control. We may also be required to raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We may not be able to accomplish any of these measures on a timely basis or on commercially reasonable terms, if at all. We may not generate sufficient cash flows in the future to meet our capital expenditure needs, sustain our operations or meet our other capital requirements, which may have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

The coverage of our network depends on our ability to maintain and/or upgrade existing and to build up new antennas for our network. Our antennas are generally built on land owned by third parties, the use of which is secured by way of lease agreements. There can be no guarantee that these lease agreements will be extended or renegotiated on commercially favorable terms upon the expiration of their respective terms, or that they will be extended at all. If we are not able to renew our current lease agreements for antenna sites and/or to enter into new lease agreements for suitable alternate antenna sites, this could have a negative impact on the coverage of our network. Additionally, some of the equipment used in our network is installed on customer premises. Disputes with these customers or legal proceedings involving their property may subject this equipment to encumbrances or cause it to be inaccessible, which could adversely affect our ability to operate our network.

Furthermore, certain regulatory approvals, such as new build permits, may be required to operate antenna sites with other frequencies /frequency bands, in particular where the shift is made from a higher frequency band (e.g., 1800 MHz) to a lower frequency band (e.g., 900 MHz). To the extent that we seek to operate antenna sites with other frequencies/frequency bands in the future, failure to obtain such regulatory approvals could have a

negative impact on the coverage of our network. Any such negative impact on the coverage of our network could materially and adversely affect our business, financial condition and results of operations.

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

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

There are currently no regulations in place for international roaming tariffs that materially affect our business; however, this could change and the laws could be revised, for example through bilateral agreements between Switzerland and the European Union in order to harmonize international roaming tariffs. Several political initiatives have also been introduced in the Swiss Parliament to reduce international roaming tariffs. Any such changes could reduce revenue both from our own subscribers roaming on other networks and from other networks' subscribers onto our network. In September 2011, the National Council (*Nationalrat*) voted in favor of a motion brought by a member of Swiss Parliament to define maximum limits on international roaming prices. In November 2014, the Swiss Federal Council (*Bundesrat*) published a report on developments on roaming prices and potential regulatory measures in which it recommended not to regulate roaming tariffs for the moment. This report suggested that the effectiveness of "local break out" regulation as implemented in the European Union should be observed. It is unclear whether Swiss telecommunication providers will implement such local break out options for their customers. In March 2015, the Council of States (*Ständerat*) rejected the motion to regulate roaming tariffs due to the recent price reductions of Swisscom, Sunrise and ourselves. Notwithstanding, given the fact that roaming prices in Switzerland continue to be significantly higher than in the European Union, we cannot exclude the possibility that future political or regulatory pressure will compel Swiss legislators to enact rules limiting international roaming prices. The Swiss Federal Price Supervisor mentioned in its annual report 2014 that it will continue to observe the development of roaming prices and, if necessary, provide recommendations to the Swiss Federal Council and the Swiss Parliament.

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

Subject to bilateral or multilateral conventions, ComCom may prohibit the offering of telecommunication services by a foreign provider (or by a provider controlled by a foreign shareholder) if the respective foreign country does not grant the same operational freedom to Swiss incorporated providers offering services in that particular country. Likewise, the transfer of telecommunication licenses (including an indirect transfer through a change of control of a Swiss licensee) to a foreign provider is subject to the consent of ComCom, which might be withheld, in particular, if no reciprocal rights are granted. Changes in laws, regulations or governmental policy or the interpretation or application of those laws or regulations affecting our activities and those of our competitors could greatly influence our viability and how we operate our business and introduce new products and services. Further liberalization of the access regime, for example, may subject our own mobile infrastructure to certain duties to grant access at regulated conditions and impact our margins. More generally, our ability to compete

effectively in our markets could be adversely affected if regulators decide to further expand the restrictions and obligations, resulting in additional costs, to which we are subject, or extend such restrictions and obligations to new services and markets, or otherwise adopt regulations, including in respect of interconnection, access or other tariffs charged by Swisscom relating to services provided by Swisscom to its customers. A copyright tariff with levies on the import and sale of handsets was introduced by collection societies in 2010 and a global settlement for the period from 2010 through 2016 was approved in January 2015.

In November 2014, the Swiss Federal Council (*Bundesrat*) voted on an amended Telecommunications Ordinance (*Fernmeldeverordnung*), which, as of July 1, 2015, prohibits telecommunication services providers from billing supplements at indicated prices, such as for call setup or for the duration of a call to a value-added service number.

The Swiss Federal Council (*Bundesrat*) has commissioned a proposal for an amendment to the Swiss Copyright Act requiring us as an internet access provider to block websites and send warning notices to our customers to prevent copyright infringements by our customers. Future legislation may introduce levies on internet access subscriptions in order to compensate rightsholders for copying and transmitting of protected works. A planned revision of the Swiss Gambling Act (*Spielbankengesetz*) foresees that internet access providers must block access to foreign websites with gambling offerings. Consumer protection agencies may make use of their ability to initiate lawsuits to enforce claims under the Swiss Unfair Competition Act (*Gesetz gegen den unlauteren Wettbewerb*) and may engage in public campaigns aimed at changing our business practices which could have an adverse effect on our ability to offer and sell our products and services. We are also subject to tariffs for the copying of protected intellectual property onto the mobile handsets we provide our customers, and, in the past, we have been party to legal disputes in connection with such tariffs, whereby we and manufacturers and other importers of mobile handsets have appealed the amounts of such tariffs. The current tariffs are applicable until 2016, after which new tariffs will have been agreed or will be determined.

The Swiss Federal Council (*Bundesrat*) stated in its report from November 2014 on the Swiss mobile telecommunications market that a revision of the Telecommunications Act (*Fernmeldegesetz*), in particular with regards to the basic principles of the access regime, is not envisaged in the short term. It has nevertheless also been indicated that serious deficiencies of the current regime will be addressed in the short term. Accordingly, the Federal Department of Environment, Transport, Energy and Communications has been commissioned to prepare a bill by the end of 2015.

The revision of the Swiss Federal Act on the Surveillance of Postal and Telecommunications Traffic (the “BUPF”) is currently the subject of parliamentary deliberation and will subsequently lead to a revision of the BUPF and the Ordinance on the Surveillance of Postal and Telecommunications Traffic (the “VUPF”) by the Swiss Federal Council (*Bundesrat*). The current draft amendment proposes an extension of the surveillance obligations, but past drafts also proposed abolishing the compensation fee for any surveillance/reporting work conducted by mobile operators and internet service providers. Additional surveillance and/or reporting obligations may arise from the new Federal Intelligence Services Act, which is currently the subject of parliamentary deliberation. We face the risk of extended surveillance obligations which could result in higher capital expenditures and increased operational costs. Any such changes in laws, regulations, governmental policy, interpretation or application thereof or any such decisions by regulators or decisions regarding the granting, amendment or renewal of licenses, to us or to third parties, could materially adversely affect our business, financial condition and results of operations. See “*Regulation*.” In addition, a new law that could require us to support so-called wiretapping (*Kabelaufklärung*) or surveillance of international traffic is currently under parliamentary deliberation. It is unclear the extent to which, if at all, such proposed legislation could affect us as a mobile operator.

According to a decision of the Swiss Federal Council on January 29, 2014, for reasons of national security, companies with a majority of foreign shareholders are not permitted to provide services for the federal government, which involve critical information and certain communication infrastructures. As a result, we are unable to compete in tenders for such services and could materially adversely affect our business, financial condition and results of operations.

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

In Switzerland, the fees for access and interconnection that mobile operators charge for calls terminating on their respective networks are determined through bilateral agreements setting out MTRs between operators, rather than *ex ante* by a regulatory authority, as is the case in the European Union. To the extent operators cannot mutually agree to MTRs applicable to each of them, the Swiss regulatory authorities are entitled to intervene *ex post* to determine the rates applicable to each operator. While Switzerland is not a member of the European Union and not

subject to EU telecommunications regulation, MTRs in Switzerland, in particular for mobile voice, have followed, and are expected to continue to follow, the decline in MTRs experienced in EU-member States.

In 2014, in bilateral agreements with Sunrise and Swisscom, we and Sunrise reduced MTRs to a current rate of CHF 0.0775 per minute that will remain valid until June 2015, and during the same period, Swisscom reduced its MTRs to a current rate of CHF 0.0625 per minute. Compared with European rates with a weighted average of €0.0123 per minute, further reductions are to be expected, and a smaller competitor may demand lower rates through bilateral negotiations or interconnection proceedings before June 2015. Because MTRs are a key driver of our access, backbone, interconnection and content revenue (for calls that terminate on our mobile network) and of our access, backbone, interconnection and content costs (for calls that terminate on the network of other mobile network operators), any decrease in MTRs has a direct impact on our revenue and on our profitability. As we do not have a landline business, we are comparatively more affected by reductions in MTRs than our main competitors Swisscom and Sunrise, who operate a landline business as well. A further reduction in MTRs could reduce our revenue and operating income in the future, which could have a material adverse effect on our business, financial condition and results of operations.

Similarly, in Switzerland, international and national roaming rates are not subject to specific regulation. As recently as 2015, there have been parliamentary motions to enact maximum tariffs in order to limit the charges. The Swiss Federal Council (*Bundesrat*) delivered a report to the Swiss Parliament in November 2014 on trends in roaming prices in which it recommended not to regulate roaming tariffs, but to include specific instruments in a revision of the Swiss Federal Telecommunications Act (*Fernmeldegesetz*), such as local breakout and specific charging obligations. This report suggested that the effectiveness of “local break out” regulation as implemented in the European Union should be observed. It is unclear whether Swiss telecommunication providers will implement such local break out options for their customers. In November 2014, the Swiss Federal Council (*Bundesrat*) voted on an amended Telecommunications Ordinance (*Fernmeldeverordnung*), which, as of July 1, 2015, prohibits telecommunication services providers from billing supplements at indicated prices, such as for call setup or for the duration of a call to a value-added service number. In March 2015, the Council of States (*Ständerat*) rejected the motion to regulate roaming tariffs due to the recent price reductions of Swisscom, Sunrise and ourselves. See “*Regulation—Other Regulatory Environment—International Roaming.*” Notwithstanding, given the fact that roaming prices in Switzerland continue to be significantly higher than in the European Union, we cannot exclude the possibility that future political or regulatory pressure will compel Swiss legislators to enact rules limiting international roaming prices. Any regulation of roaming or other tariffs would likely reduce our revenue in the future, which could have a material adverse effect on our business, financial condition and results of operations.

***We operate primarily in the Swiss market and as a result our growth prospects depend on economic developments in Switzerland.***

We operate primarily in the Swiss market and generate almost all of our revenue and operating income from our activities in Switzerland. Demand for our products and services in Switzerland is influenced by a number of factors, including the strength of the Swiss economy. Negative developments in, or the general weakness of, the Swiss economy may have a direct negative impact on the spending patterns of our customers and the willingness of business customers to make investments. A higher number of defaults by customers or business partners, for example due to an increase in unemployment rates could also jeopardize our growth targets. Events impacting travel to or from Switzerland such as changes in the Swiss economy, changes in the relative value of the Swiss franc, in particular as a result of the significant recent appreciation of the Swiss franc against the euro, or general travel disruptions could negatively impact our revenue from roaming fees. Consumers may also spend less on an incremental basis, such as by placing fewer calls. In addition, a weakening economy or recessionary conditions may weigh on the growth prospects in the Swiss mobile telecommunications market in terms of the penetration of new value-added services and traffic, ARPU levels and number of subscriptions and, in particular, the volume of business customers. Similarly, economic effects outside of Switzerland may also impact our business, particularly our revenue from international interconnection fees and visitor roaming fees.

Recently, the Swiss National Bank (*Schweizerische Nationalbank*) ceased its policy of capping the Swiss franc’s value at CHF 1.20 per euro. The decision caused the value of the Swiss franc to appreciate considerably within a short period of time. Following the Swiss National Bank’s decision, expectations for GDP growth in Switzerland have been negatively adjusted. Any weakening of the Swiss economy as a result of the rapid appreciation of the Swiss franc or otherwise could have a material adverse effect on our business, financial condition and results of operations. Any of the risks described above could have a material adverse effect on our business, financial condition and results of operations.



***Our business may be exposed to risks associated with the implementation of the Swiss federal popular initiative “Against Mass Immigration.”***

On February 9, 2014, 50.3% of the Swiss voters approved the popular initiative “Against Mass Immigration” (the “Immigration Initiative”). The Immigration Initiative essentially seeks to limit immigration to Switzerland by implementing annual quotas on both residency permits and work permits for cross-border commuters. The Swiss Federal Council (*Bundesrat*) has three years to implement the initiative with the current bilateral agreements remaining in force during the interim period. On February 11, 2015, the Swiss Federal Council (*Bundesrat*) approved a mandate for negotiations on this matter with the European Union, which, however, will need to agree to initiate such negotiations. On the same date, the Swiss Federal Council (*Bundesrat*) approved the draft on the respective new legislation on foreign nationals. According to the draft, the admission of citizens of the European Union will still be regulated by the Agreement on Free Movement of Persons that has to be amended in line with the constitutional requirements. The results of the negotiations being sought with the European Union are therefore key to the draft legislation. For citizens of third countries the draft provides for quotas and the prioritizations of existing Swiss residents, as it was previously the case. The draft however is subject to consultation procedures as well as the approval by the Swiss National Council (*Nationalrat*), the Swiss Council of States (*Ständerat*) and the optional referendum (*Fakultatives Referendum*).

It is, therefore, unclear how the Immigration Initiative will be implemented and what the exact terms of the implementing legislation will be. There is a substantial risk, however, that the bilateral agreements between Switzerland and the European Union may be impacted. In particular, the “free movement of people” is part of the package of bilateral treaties between Switzerland and the European Union which contain a “guillotine clause,” which means that if any of the agreements are terminated or not renewed, all of them will cease to apply. Thus, there is a substantial risk that all of the bilateral agreements with the European Union will need to be renegotiated. In statements following the results of the Immigration Initiative, the European Commission indicated that it would have to examine the implications on the relationship between the European Union and Switzerland.

To the extent that there are restrictions placed on the free movement of people as a result of the Immigration Initiative in Switzerland, our ability to hire and retain the qualified personnel and talent that we require for our management and skilled workforce could be adversely impacted. The Immigration Initiative and its implementation could also have an adverse impact on the demographic dynamics or the general economic development in Switzerland, which could adversely affect our business.

Furthermore, any limitations or restrictions on trade relations between Switzerland and the European Union could potentially impair some of our customers’ access to the single European market as a result of which they may seek to relocate outside Switzerland in pursuit of more lucrative business conditions. In addition, such limitations or restrictions may adversely affect the Swiss economy as a whole. Should any of these risks materialize, this could materially adversely affect our business, financial condition and results of operations.

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

We depend on third parties and our internal channels to market, sell and provide a significant portion of our products and services. We distribute our products and services in Switzerland directly through our network of 85 shops, online and via telesales, as well as indirectly through more than 2,500 points of sale of our partners’ non-exclusive distribution channels, including Mobile Zone AG (“Mobilezone”), Swiss Post Ltd (“Swiss Post”), Interdiscount AG (“Interdiscount”) and Media Markt Zurich AG (“Mediamarkt”).

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

Additionally, if we fail to maintain our key distribution relationships, or if our distribution partners fail to procure sufficient subscribers for any reason, or if we fail to expand our direct and indirect distribution presence, our ability to retain or further grow our market share in the markets we operate could be adversely affected. In addition, the subscriber acquisition and retention costs associated with maintaining or further growing our subscriber base through both direct channels and indirect channels could materially increase in the future. These factors in turn could have a material adverse effect on our business, financial condition and results of operations.

If any of our distribution relationships are terminated we may face claims from the respective counterparty for compensation for clientele pursuant to Swiss law. If such claims were successful and the respective distributors were awarded a compensation for clientele, this may have a material adverse effect on our business, financial condition and results of operations.

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

We compete with MVNOs and resellers, but we also depend on them to expand our reach to new customer segments, in particular in more mass-market segments. Our MVNO and reseller partners, however, may terminate their relationships with us or discontinue their services on relatively short notice, including, in the case of MVNOs, to start offering their services through the network of one of our competitors, and we may, in future, be unable to renew our existing arrangements with them on commercially favorable terms. For example, historically, a significant proportion of our revenue and operating income from MVNOs have been attributable to our contract with Lycamobile AG (“Lycamobile”), which terminated in March 2013.

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

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

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

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

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

Our success and our growth strategy depend in large part on our ability to attract and retain key management, marketing, finance and operating personnel. There can be no assurance that we will continue to attract or retain the qualified personnel needed for our business. Competition for qualified senior managers in our industry is intense and there is limited availability of persons with the requisite knowledge of the telecommunications industry and relevant experience in Switzerland. Immigration laws may further restrict our ability to attract or hire qualified personnel, see “—Our business may be exposed to risks associated with the implementation of the Swiss federal popular initiative ‘Against Mass Immigration.’” To the extent that the demand for qualified personnel exceeds supply, we could experience a delay or higher labor costs in order to attract and retain qualified managers and personnel from time to time. In addition, as new personnel join our management, particularly at the senior management level, we may face a number of challenges typically associated with the integration and assimilation of new managers and key personnel, such as changes in organizational and reporting structures, the need to recruit additional new personnel or the departure of existing personnel. Finally, we may face key personnel retention challenges typically associated with a change of



ownership as a result of the Acquisition. An inability to address these challenges can result in the diversion of management's attention from our daily operations and adversely affect our ability to successfully implement our strategy. Our failure to recruit and retain key personnel or qualified employees, or effectively integrate new managers and other key personnel, could have a material adverse effect on our business, financial condition and results of operations.

***The Swiss federal popular initiative “Pro Service public,” if approved by Swiss voters, may oblige Swisscom to focus on public service and limit its ability to generate profits which could lead to lower prices and have an adverse effect on our business.***

The Swiss federal popular initiative “Pro Service public” seeks to introduce new principles for the provision of universal services (*Grundversorgung*) by the Swiss Federation (*Bund*). According to the initiative, the Swiss Federation (*Bund*) shall be prohibited from generating profits and pursuing fiscal interests and would have to refrain from cross-subsidization in the area of universal services (*Grundversorgung*). These principles would not only apply to the Swiss Federation (*Bund*) itself, but also to entities controlled by it or entities providing such services on a statutory basis, such as Swisscom, Swiss Post and SBB. Further, the initiative seeks to cap the salaries of employees of such entities at the salary level of the Federal Administration (*Bundesverwaltung*). The Swiss Federal Council (*Bundesrat*) and the Swiss Council of States (*Ständerat*) have recommended rejecting the initiative, deliberations in the Swiss National Council (*Nationalrat*) are ongoing, and the further timeline is currently uncertain. If Swiss voters approved the popular initiative “Pro Service public” or any similar proposal was enacted, Swisscom's future ability to generate profits would be limited which could result in price reductions and/or improved service offerings without corresponding price increases. As a result, pricing pressure in mobile and landline services could increase. In order to remain competitive, we could be forced to reduce prices and/or improve our service offerings, which could have an adverse effect on our competitive position, business, financial condition and results of operations.

***The delay in implementing our IT transformation may continue to have an adverse effect on our business.***

We initiated a significant IT transformation on March 1, 2014 with a goal to improve the operating security, speed, function and cost of our business operations. This transformation involved a large portion of our staff and impacted all our activities. While the transformation of the lower (activation, mediation, prepaid) and higher (ERP, Office) layers of our IT activities occurred without any material disruption, the change management of the middle (BSS, Business Support Systems) layer, including customer care, billing and collection, was deficient in certain respects. In particular, we experienced delays in generating accurate customer bills, and we experienced a six month delay with respect to the development of a new automatic collection process, which occurred after we ceased operation of our old collection system. This delay impacted our working capital by decreasing collection revenue and increasing operating and discount-related costs, headline exposure and also caused customer dissatisfaction. The magnitude of these deficiencies, which persisted until August 2014, negatively affected our reputation for customer service and resulted in a higher voluntary churn rate in 2014. For example, although our churn rate for the first quarter of 2015 has improved since the fourth quarter of 2014, it is still higher than during the first quarter of 2014. Although we are in the process of finalizing our IT transformation, any remedial measures may not be as successful as desired, which could have a material adverse effect on our business, financial condition and results of operation.

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

Continuing or renewed instability in global markets, including turmoil in Europe related to sovereign debt and the stability of the euro, has recently contributed to a global economic downturn. Future developments may continue to be dependent upon a number of political and economic factors, including the effectiveness of measures by the European Central Bank and the European Commission to address debt burdens of certain countries in Europe and the continued stability of the eurozone. Concerns persist regarding the debt burden of certain eurozone countries, in particular Greece, and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual member states of the eurozone. For example, the anti-austerity party which won the parliamentary elections in Greece on January 25, 2015 formed a government with another anti-austerity party. The formation of this new Greek government could lead to the renegotiation of bailout terms or terms relating to the repayment of Greek national debt and concerns about Greece's exit from the eurozone, which could, in turn, undermine confidence in the overall stability of the euro. These and other potential developments, or market perceptions concerning these and related issues, could have adverse consequences for us with respect to our

outstanding debt obligations that are euro-denominated and, as we have a substantial amount of debt denominated in euro, our financial condition may be materially affected. The political unrest surrounding the crisis in Ukraine, specifically, existing or expanded economic sanctions imposed on Russia, and potential Russian response to those sanctions, could also have a negative impact on the European economy. As a result, we cannot predict how long these challenging conditions will exist or the extent to which the markets in which it operates may further deteriorate.

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

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

We operate a “defined contribution plan with minimum interest guarantee” pension scheme that, due to certain guarantees that the plan is required to provide under Swiss legislation, is treated as a defined benefit agreement for the purposes of IFRS. As of December 31, 2014, the Group had a pension liability of CHF 40.7 million (under IFRS). The pension liability could further increase depending, among other things, on changes in the valuation of publicly-traded equities, exchange rates and interest rates.

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

***We face legal and regulatory dispute risks.***

We are currently subject to approximately 130 pending network cases (related to specific antenna sites), which can be split into three categories (i) appeals against the relevant building permit applications for antenna sites (approximately 35% of the total cases), where in case of a negative outcome, we would not be allowed to build or upgrade such site(s), (ii) appeals against the termination of site lease contracts (approximately 5% of the total cases), where in case of a negative outcome, we would be obliged to dismantle such site, losing the related revenue and face the investment for the acquisition of a replacement site, and (iii) appeals against newly established planning zones (approximately 60% of the total cases). Appeals against the relevant building applications are usually based on aesthetics and health-related concerns, claims for spatial planning coordination and claimed diminution of value.

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

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

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

***Increasing data security requirements by financial institutions, certain other corporate customers and governmental entities may adversely affect our business and profitability.***

We are a provider of mobile and landline services to a number of public and private financial institutions, government entities and corporate customers with data security requirements. These customers may continue to increase their data security requirements, and we may be required to undertake additional investments in order to adhere to these enhanced data security requirements, as well as evolving statutory and regulatory requirements, including obtaining and maintaining certain ISO certifications, improving access rights management systems and developing a corporate data encryption infrastructure. As a result, we may incur additional capital expenditures to satisfy data security requirements. In addition, we cannot assure you that these customers will not terminate their contracts with us. Such terminations may have a material adverse effect on our business, financial condition and results of operations.

#### **Risks Related to Our Financial Profile**

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

We are highly leveraged. As of December 31, 2014, after giving effect to the Refinancing Transactions, we would have had total debt of CHF 2,016.5 million. See “*Summary Capitalization.*”

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

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

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

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

The Indentures will restrict, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- in the case of the Senior Notes, layer debt;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Senior Notes Issuer or its restricted subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to the Senior Notes Issuer or any of its restricted subsidiaries;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- enter into unrelated businesses or engage in prohibited activities;

- consolidate or merge with other entities;
- impair the security interest for the benefit of the holders of the Notes; and
- amend certain documents.

All of these limitations will be subject to significant exceptions and qualifications. See “*Description of the Senior Secured Notes—Certain Covenants*” and “*Description of the Senior Notes—Certain Covenants*.” The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we will be subject to the affirmative and negative covenants contained in the Revolving Credit Facility. In particular, the Revolving Credit Facility requires us to maintain specified financial ratios and satisfy a financial condition test if more than CHF 35 million is outstanding under the Revolving Credit Facility. Our ability to meet that financial ratio test may be affected by events beyond our control, and we cannot assure you that we will meet it. A breach of any of those covenants or that ratio test or other restrictions could result in an event of default under the Revolving Credit Facility. Upon the occurrence of any event of default under the Revolving Credit Facility, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the facility and elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, any default under the Revolving Credit Facility could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indentures. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries which would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

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

Our ability to make principal or interest payments when due on our indebtedness, including the Revolving Credit Facility and our obligations under the Notes, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these “*Risk Factors*,” many of which are beyond our control. Our Revolving Credit Facility will mature in 2020, the Fixed Rate Senior Secured Notes will mature in 2022, the Floating Rate Senior Secured Notes will mature in 2022 and the Senior Notes will mature in 2023. See “*Description of Certain Financing Arrangements*,” “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*.” At the maturity of the Revolving Credit Facility and the Notes or any other debt which we may incur, if we do not have sufficient cash flows from operations and other capital resources to pay our debt obligations, or to fund our other liquidity needs or we are otherwise restricted from doing so due to corporate, tax or contractual limitations, we may be required to refinance our indebtedness. If we are unable to refinance all or a portion of our indebtedness or obtain such refinancing on terms acceptable to us, we may be forced to reduce or delay our business activities or capital expenditures, sell assets, or raise additional debt or equity financing in amounts that could be substantial. The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that we will be able to accomplish any of these measures in a timely manner or on commercially reasonable terms, if at all. In addition, the terms of our Revolving Credit Facility, the Indentures and any future debt may limit our ability to pursue any of these measures.

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

We may incur substantial additional debt in the future. Any debt that we incur at our subsidiary level would be structurally senior to the Notes, and other debt could be secured or could mature prior to the Notes. In addition, such debt could be incurred on a basis senior to the guarantee of the Senior Notes. Although the Revolving Credit Facility contains, and the Indentures will contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries’ existing debt levels, the related risks that we now face would increase. Increases in our total indebtedness could also lead to a downgrade of the ratings



assigned to the Group or the Notes, which could negatively affect their trading price. In addition, the Revolving Credit Facility does not, and the Indentures will not, prevent us from incurring obligations that do not constitute indebtedness under those agreements.

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

The loans under our Revolving Credit Facility bear interest at floating rates of interest per annum equal to LIBOR and/or EURIBOR, as adjusted periodically, plus a spread. We will also be exposed to floating interest rates associated with the Floating Rate Senior Secured Notes offered hereby. These interest rates could rise significantly in the future. Although we intend to fix a portion of these rates in the future as part of the Refinancing Transactions pursuant to hedging agreements, there can be no assurance that such hedging will continue to be available on commercially reasonable terms for as long as such indebtedness remains outstanding. To the extent that interest rates were to increase significantly, our interest expense would correspondingly increase, reducing our cash flow.

***Exchange rate fluctuations could adversely affect our financial results.***

Following the issuance of the Notes, some of our debt service requirements will be denominated in euro even though substantially all of our cash flow from operations is generated in Swiss francs. Significant changes in the value of the Swiss franc relative to the euro could have a material adverse effect on our financial condition and our ability to meet interest and principal payments on euro-denominated debt, including the Euro Fixed Rate Senior Secured Notes, the Floating Rate Senior Secured Notes, the Senior Notes and any euro-denominated borrowings under the Revolving Credit Facility. Although we intend to hedge a portion of our exchange rate exposure, there can be no assurance that such hedging will continue to be available on commercially reasonable terms for as long as such indebtedness remains outstanding.

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

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

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

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

## **Risks Related to the Collateral**

***The Revolving Credit Facility and certain hedging obligations are entitled to be repaid with the proceeds of the collateral securing the Senior Secured Notes in priority to the Senior Secured Notes.***

The Revolving Credit Facility and certain hedging obligations will be “super priority” debt under the Indentures and the Intercreditor Agreement. Under the Senior Secured Notes Indenture, commitments in an amount not to exceed the greater of CHF 160 million and 0.4 multiplied by Consolidated EBITDA (as defined in “Description of the Senior Secured Notes—Certain Definitions”) and certain hedging obligations may be secured by “super priority” Liens on the collateral. The Indentures will not, and the Intercreditor Agreement does not, limit the amount of hedging that can be “super priority” hedging. The Revolving Credit Facility and any “super priority” hedging obligations will be secured by the same property and assets that secure the Senior Secured Notes. Under the terms of the Intercreditor Agreement, proceeds from enforcement sales of assets that are part of the collateral securing the Senior Secured Notes or amounts paid under any Senior Secured Notes Guarantee after enforcement must first be applied in satisfaction in full of obligations under the Revolving Credit Facility and any “super priority” hedging obligations; only thereafter can they be applied to repay the obligations of the Senior Secured Notes Issuer and the Senior Secured Notes Guarantors under the Senior Secured Notes and the

Senior Secured Notes Guarantees. As such, in the event of enforcement of such collateral, you may not be able to recover on the collateral if the then-outstanding liabilities under the Revolving Credit Facility and any “super priority” hedging obligations are greater than the proceeds realized in such enforcement sale.

***Holders of the Senior Secured Notes may not control certain decisions regarding the collateral.***

The Senior Secured Notes will be secured by the same collateral securing the obligations under the Revolving Credit Facility and certain hedging obligations. In addition, under the terms of the Senior Secured Notes Indenture, we will be permitted to incur significant additional indebtedness and other obligations that may be secured by the same collateral.

As a result of the voting provisions set forth in the Intercreditor Agreement, under certain circumstances, the lenders under the Revolving Credit Facility and counterparties to certain hedging agreement could have effective control of all decisions with respect to the collateral. Pursuant to the Intercreditor Agreement, a common security agent will serve as the Security Agent for the secured parties under the Revolving Credit Facility, Senior Secured Notes and certain hedging agreements. Subject to certain limited exceptions, the Security Agent will act with respect to such collateral only at the direction of an “Instructing Group.”

Before any group of creditors sharing in the collateral may give enforcement instructions to the Security Agent, the representative of the relevant creditors must first consult with each other representative of creditor groups sharing in the collateral (in each case including the Senior Secured Notes Trustee on behalf of the holders of the Senior Secured Notes and the agent on behalf of the lenders under the Revolving Credit Facility), certain counterparties to hedging agreement and the Security Agent for a period of not less than 30 days. Upon conclusion of the consultation period, if there are conflicting enforcement instructions given to the Security Agent by the different classes of creditors which are secured by the collateral and who can constitute an Instructing Group, then provided that the Senior Instructing Group Creditors (as defined in and according to the terms of the Intercreditor Agreement) whose senior secured credit participations at that time aggregate to more than 66⅔% of the total senior instructing group credit participations have complied with any other applicable requirements set out in the Intercreditor Agreement and any applicable requirements in the Refinancing Transaction Security Documents, the enforcement instructions from those Senior Instructing Group Creditors will prevail over those of the lenders under the Revolving Credit Facility and the counterparties under certain hedging agreement and those Senior Instructing Group Creditors will constitute the Instructing Group. The senior secured credit participations include, as applicable, drawn and undrawn uncanceled commitments under the Revolving Credit Facility and amounts payable in respect of certain hedging obligations that have been terminated or closed out or that would be payable if such certain hedging obligations had been terminated or closed out and the principal amount of the Senior Secured Notes and drawn and undrawn uncanceled commitments and/or (as applicable) the principal amount of any permitted additional indebtedness (with each holder exercising its own vote). The total senior instructing group credit participations comprise, prior to the date on which the liabilities under the Revolving Credit Facility and related finance documents are discharged in full, the principal amount of the Senior Secured Notes and drawn and undrawn uncanceled commitments and/or (as applicable) the principal amount of any permitted additional indebtedness and, on and after the date on which the liabilities under the Revolving Credit Facility and related finance documents are discharged in full, amounts payable in respect of certain hedging obligations that have been terminated or closed out or that would be payable if such certain hedging obligations had been terminated or closed out and the principal amount of the Senior Secured Notes and drawn and undrawn uncanceled commitments and/or (as applicable) the principal amount of any permitted additional indebtedness. In certain circumstances (for example, if the Senior Creditors have not been fully repaid within six months of the end of the first consultation period referred to above, or if no steps have been taken as to enforcement by the Security Agent within three months of the end of the first consultation period or if an insolvency event has occurred and no steps have been taken as to enforcement by the Security Agent at that time), the instructions of the requisite majority of the Senior Creditors will then prevail. In addition, there are also customary “override” provisions if necessary to protect or preserve the interests of the Senior Creditors.

The “Senior Instructing Group Creditors” are determined as follows:

(a) prior to the date on which the liabilities under the Revolving Credit Facility and related finance documents are discharged in full, the holders of the Senior Secured Notes and the holders of any permitted additional indebtedness; and

(b) on and after the date on which the liabilities under the Revolving Credit Facility and related finance documents are discharged in full, the holders of the Senior Secured Notes and the holders of any permitted additional indebtedness and the counterparties to the hedging agreement.



In summary, prior to the date on which the liabilities under the Revolving Credit Facility and related finance documents are discharged in full, the holders of the Senior Secured Notes will vote as an independent class to the extent there is no other permitted additional indebtedness. On and after the date on which the liabilities under the Revolving Credit Facility and related finance documents are discharged in full, the holders of the Senior Secured Notes will vote as a combined creditor class with the counterparties to certain hedging agreements and the holders of any permitted additional indebtedness.

The holders of the Notes will not have separate rights to enforce the collateral. In addition, the holders of the Notes will not be able to instruct the Security Agent, force a sale of collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, unless they comprise an Instructing Group which is entitled to give such instructions, which, in turn, will depend on conditions and circumstances described above. Disputes may occur between the holders of the Senior Secured Notes and creditors under our Revolving Credit Facility, the counterparties to certain hedging agreements or holders of any permitted additional indebtedness as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the collateral. In such an event, the holders of the Senior Secured Notes will be bound by any decisions of the Instructing Group, which may result in enforcement action 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. The creditors under the Revolving Credit Facility, the counterparties to certain hedging agreements or the holders of any permitted additional indebtedness may have interests that are different from the interest of holders of the Senior Secured Notes and they 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. See *“Description of Certain Financing Arrangements—Intercreditor Agreement.”*

In addition, if the Security Agent sells collateral comprising the shares of Orange or the shares of any of our other subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees and the liens over any other assets securing the Notes and the Guarantees may be released. See *“Description of Certain Financing Arrangements—Intercreditor Agreement,” “Description of the Senior Secured Notes—Security—Release of Liens”* and *“Description of the Senior Notes—Security—Release of Liens.”*

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

The Senior Secured Notes and the Senior Secured Notes Guarantees will be secured by security interests in the collateral described in this Offering Memorandum, which collateral also secures the obligations under the Revolving Credit Facility and, with respect to certain limited collateral, the Senior Notes (on a second-priority basis). The collateral may also secure additional debt to the extent permitted by the terms of the Senior Secured Notes Indenture, the Senior Notes Indenture, the Revolving Credit Facility and the Intercreditor Agreement. Your rights to the collateral may be diluted by any increase in the first-priority debt secured by the collateral or a reduction of the collateral securing the Senior Secured Notes.

The value of the collateral and the amount to be received upon an enforcement of such collateral will depend upon many factors, including, among others, the ability to sell the collateral in an orderly sale, economic conditions where operations are located and the availability of buyers. The book value of the collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the collateral may be illiquid and may have no readily ascertainable market value. Similarly, we cannot assure you that there will be a market for the sale of the collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. The collateral is located in more than one country, and the multi-jurisdictional nature of any foreclosure on the collateral may limit the realizable value of the collateral. For example, the bankruptcy, insolvency, administrative and other laws of the various jurisdictions may be materially different from, or conflict with, each other, including in the areas of rights of creditors, priority of government and other creditors, ability to obtain post-petition interest and duration of the proceedings.

In addition, our business requires a variety of national, state and local permits and licenses. The continued operation of properties that comprise part of the collateral and that depend on the maintenance of such permits and licenses may be prohibited or restricted. Our business is subject to regulations and permitting requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or if changes in applicable regulations or requirements occur. In the event of foreclosure, the grant of permits and licenses may be revoked, the transfer of such permits and licenses may be prohibited or may require us to incur significant cost and expense. Further, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained, are delayed or

are economically prevented, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result, and the value of the collateral may be significantly decreased.

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

The collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indentures and/or the Intercreditor Agreement and accepted by other creditors that have the benefit of priority security interests in the collateral securing the Senior Secured Notes and the Senior Notes, respectively, from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the Notes, as well as the ability of the Security 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, statutory liens or recharacterization under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in collateral. For example, under both Luxembourg and Swiss law, the enforcement of a share pledge, whether by means of a sale or an appropriation, is subject to certain specific requirements. The Security Agent may also need to obtain the consent of a third party to enforce a security interest in certain jurisdictions. 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, and the value of the collateral may decline significantly.

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

The security interests in the collateral that will secure our obligations under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Security Agent. The Indentures will provide, along with the Intercreditor Agreement, that only the Security Agent has the right to enforce the Security Documents. The ability of the Security Agent to enforce the Security Documents may be restricted under local law. As a consequence of the right to enforce the Security Documents, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the collateral securing the Notes, except through the Senior Secured Notes Trustee or the Senior Notes Trustee, as the case may be, which will (subject to the applicable provisions of the relevant Indenture) provide instructions to the Security Agent in respect of the collateral.

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

Under Swiss law, certain “accessory” security interests such as pledges (*Pfandrechte*) 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. The beneficial holders of the Senior Secured Notes from time to time will not be party to the Security Documents relating to the collateral. Consequently, the Swiss law governed security interests in the form of a pledge in certain of the collateral (including the share pledges of Orange and Orange Network) that will constitute security for the obligations of the Senior Secured Notes Issuer will not be granted directly to the holders of the Senior Secured Notes but only in favor of the Security Agent, as beneficiary of parallel debt obligations (the “Parallel Debt”). This Parallel Debt is created by way of an abstract acknowledgment of debt (*abstraktes Schuldanerkenntnis*) to satisfy a requirement under the laws of Switzerland that the Security Agent, as grantee of certain types of collateral, be a creditor of the relevant debtor of the secured obligations. The Parallel Debt is in the same amounts and payable at the same times as the obligations of the Senior Secured Notes Issuer under the Senior Secured Notes Indenture (the “Principal Obligations”). Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment

in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. Although the Security Agent will have, pursuant to the Parallel Debt, a claim against the Senior Secured Notes Issuer for the full aggregate principal amount of the Senior Secured Notes, holders of the Senior Secured Notes will bear some risk associated with a possible insolvency or bankruptcy of the Security Agent. The Parallel Debt obligations referred to above are contained in the Intercreditor Agreement, which is governed by English law, and will also be agreed and acknowledged under the Senior Secured Notes Indenture, which will be governed by New York law. There is no assurance that such a structure will be effective before the Swiss courts as it may be deemed to constitute a circumvention of the accessory nature of the pledge and there are no court precedents or other relevant guidance as to its effectiveness or permissibility, and therefore the ability of the Security Agent to enforce the collateral may be restricted. Moreover, the instruction and appointment of an agent and any power of attorney may be revoked at any time under Swiss law notwithstanding the appointment, instruction or power of attorney being said to be irrevocable and any mandate may, as a matter of statutory law, be terminated at any time by each party to the mandate.

***The rights to enforce remedies with respect to the collateral securing the Senior Notes and the Senior Notes Guarantees are limited as long as any senior debt is outstanding.***

The security interests in all of the collateral securing the Senior Notes and each Senior Notes Guarantee will rank behind the first-priority security interests in such collateral in favor of the creditors under the Revolving Credit Facility, the Senior Secured Notes and in favor of institutions with whom we enter into certain hedging agreements. The Intercreditor Agreement provides that a common security agent will serve as the Security Agent for the secured parties under the Revolving Credit Facility, the Senior Secured Notes, the Senior Notes and certain hedging agreements and will (subject to certain limited exceptions) act with respect to such collateral only at the direction of the relevant instructing group of creditors under the Revolving Credit Facility, holders of the Senior Secured Notes and counterparties to certain hedging agreements until amounts outstanding under such debt instruments are paid in full and discharged. Until the expiration of a standstill period on enforcement of such security on behalf of holders of the Senior Notes, the creditors under the Revolving Credit Facility, the Senior Secured Notes and counterparties to certain hedging agreements will have (subject to certain limited exceptions) the exclusive right to make all decisions with respect to the exercise of remedies relating to such collateral. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*” As a result, the holders of the Senior Notes will not be able to force a sale of such collateral, or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, until the expiration of the applicable standstill period for so long as any amounts under the Revolving Credit Facility, certain of our hedging obligations and the Senior Secured Notes remain outstanding. The creditors under the Revolving Credit Facility, counterparties to certain hedging agreements and the holders of the Senior Secured Notes may have interests that are different from the interests of holders of the Senior Notes, and they may elect to pursue their remedies under the Security Documents at a time when it would be disadvantageous for the holders of the Senior Notes to do so. This may affect the ability of holders of the Senior Notes to recover under the collateral if the proceeds from the collateral, after having satisfied obligations under the Revolving Credit Facility, certain of our hedging agreements and the Senior Secured Notes, are less than the aggregate amount owed in respect of the Senior Notes.

In addition, if the creditors or the agent under the Revolving Credit Facility, counterparties to certain hedging agreements or the holders of the Senior Secured Notes cause the sale of the shares of the Senior Secured Notes Issuer or the shares of any of our subsidiaries through an enforcement of their first-priority security interest, in accordance with the terms of the Intercreditor Agreement, the Senior Notes Guarantees and the liens over any other assets securing the Senior Notes and each Senior Notes Guarantee may be released. See “*Description of Certain Financing Arrangements—Intercreditor Agreement*” and “*Description of the Senior Notes—Security—Release of Liens.*”

***The Senior Notes Guarantees will be subordinated to our existing and future senior debt and the Senior Notes are subject to restrictions on payment and enforcement.***

The Senior Notes Guarantees will be senior subordinated obligations of the Senior Secured Notes Issuer, Matterhorn Mobile, Orange and Orange Network and each will:

- be a senior subordinated obligation of the relevant Senior Notes Guarantor;
- be subordinated in right of payment to all of the Senior Notes Guarantors’ existing and future senior indebtedness, including any indebtedness under the Revolving Credit Facility, the Senior Secured Notes and certain hedging obligations;

- rank *pari passu* in right of payment with any existing and future senior subordinated indebtedness of the Senior Notes Guarantor;
- rank senior in right of payment to all existing and future indebtedness of the Senior Notes Guarantors that is expressly subordinated to the Senior Notes; and
- be effectively subordinated to any existing and future indebtedness of the Senior Notes Guarantors that is secured by liens senior to the liens securing that Senior Notes Guarantor's guarantee or secured with property or assets that do not secure that Senior Notes Guarantor's guarantee, to the extent of the value of the property or assets securing such indebtedness.

In addition, no enforcement action with respect to the Senior Notes Guarantees (or any future guarantee of the Senior Notes, if any) may be taken unless (subject to certain limited exceptions): (i) any enforcement action has been taken with respect to senior debt (provided the Senior Notes Trustee and holders of the Senior Notes will be limited to taking the same action); (ii) an insolvency event has occurred in relation to the Senior Notes Issuer; (iii) with respect to any enforcement action on a Guarantor, an insolvency event has occurred with respect to the relevant Senior Notes Guarantor; (iv) there is a default on the Senior Notes outstanding after a period of 179 days after the date on which the agent or Senior Secured Notes Trustee with respect to senior debt delivers written notice of such default; (v) the expiry of any other standstill period outstanding at the date the standstill period referred to in (iv) above commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); (vi) a default has occurred resulting from a failure to pay principal on the Senior Notes at maturity or (vii) the lenders under the Revolving Credit Facility and holders of the Senior Second Notes have given their consent to the proposed action. See *"Description of Certain Financing Arrangements—Intercreditor Agreement."*

Upon any distribution to the creditors of a Senior Notes Guarantor in a liquidation, administration, bankruptcy, moratorium of payments, dissolution or other winding-up of such Senior Notes Guarantor, the holders of senior debt of such Senior Notes Guarantor will be entitled to be paid in full before any payment may be made with respect to its Senior Notes Guarantee. As a result, holders of the Senior Notes may receive less, ratably, than the holders of senior debt of the Senior Notes Guarantors, including the lenders under the Revolving Credit Facility and holders of the Senior Secured Notes.

In addition, the Intercreditor Agreement contains significant restrictions with respect to payments of the Senior Notes, including payments by the Senior Notes Issuer. If there is a payment default under the Revolving Credit Facility or the Senior Secured Notes, or if a senior payment stop notice is issued following a non-payment event of default under the Revolving Credit Facility or the Senior Secured Notes, then payments will not be permitted to be made in respect of the Senior Notes unless the payment is made by the Senior Notes Issuer and funded directly or indirectly with amounts which have not been received by the Senior Notes Issuer from its subsidiaries. In some circumstances, for instance where payments were received on the Senior Notes in breach of the Intercreditor Agreement, holders would be required to turn over such payments to the Security Agent for redistribution. In addition, although the holders of the Senior Notes are generally entitled to enforce their claims against the Senior Notes Issuer pursuant to the terms of the Senior Notes Indenture, nevertheless the Intercreditor Agreement places limits on enforcement to the extent it would prejudice the enforcement by senior creditors of their security granted by the Senior Notes Issuer. See *"Description of Certain Financing Arrangements—Intercreditor Agreement."*

As of December 31, 2014, after giving effect to the Refinancing Transactions, we would have had an aggregate principal amount of outstanding financial liabilities that ranked senior to the Senior Notes Guarantees of CHF 1,758 million and up to CHF 150 million would have been available for borrowing under the committed and undrawn portion of the Revolving Credit Facility. See *"Summary Capitalization."* As part of the Refinancing Transactions, the total committed amount under the Revolving Credit Facility will be increased from CHF 100 million to CHF 150 million on or about the Issue Date.

***Claims of our secured creditors will have priority with respect to their security over the claims of unsecured creditors, to the extent of the value of the assets securing such indebtedness.***

Claims of our secured creditors will have priority with respect to the assets securing their indebtedness over the claims of our unsecured creditors. Not all of the assets that secure the Revolving Credit Facility and that will secure the Senior Secured Notes will secure the Senior Notes. Accordingly, each Senior Notes Guarantee will be effectively subordinated to its obligations with respect to the Revolving Credit Facility and the Senior Secured Notes and any other indebtedness and obligations of the relevant Senior Notes Guarantor that is secured by assets that do not also secure the Senior Notes to the extent of the value of such assets. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding



of any Senior Notes Guarantor that has any such secured obligations, holders of such secured indebtedness will have prior claims to the assets of such Senior Notes Guarantor that constitute their collateral. To the extent the assets securing the Senior Notes are not sufficient to repay all amounts owing in respect thereof, subject to the limitations referred to under the caption “*Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*,” the holders of the Senior Notes will participate ratably with all holders of the unsecured indebtedness of the relevant Senior Notes Guarantor (other than indebtedness to which the Senior Notes Guarantees have been expressly subordinated), and, potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the relevant Senior Notes Guarantor. In the event that any of the indebtedness of the relevant Senior Notes Guarantor that is secured by assets that do not also secure the Senior Notes becomes due or the creditors thereunder proceed against the operating assets that secured such indebtedness, the assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the relevant Senior Notes Guarantee. As a result, holders of Senior Notes may receive less, ratably, than holders of secured indebtedness of the relevant Senior Notes Guarantor.

As of December 31, 2014, after giving effect to the Refinancing Transactions, we would have had an aggregate principal amount of CHF 1,758 million of secured financial liabilities outstanding, and up to CHF 150 million would have been available for additional borrowings under the committed and undrawn portion of the Revolving Credit Facility. As part of the Refinancing Transactions, the total committed amount under the Revolving Credit Facility will be increased from CHF 100 million to CHF 150 million on or about the Issue Date. We will be permitted to borrow substantial additional indebtedness, including senior debt, in the future, under the terms of the Senior Notes Indenture.

***The ability of holders of Senior Notes to recover under the pledge of the shares of the Senior Secured Notes Issuer and other security interests may be limited.***

In order to secure the obligations under the Senior Notes and the Senior Notes Guarantees, the Senior Notes Issuer will grant security interests on a second-priority basis over the ownership interests in the Senior Secured Notes Issuer and loans made by the Senior Notes Issuer to the Senior Secured Notes Issuer. Security interests on an equal and ratable first-priority basis in such collateral will be granted for the benefit of creditors under the Revolving Credit Facility and the Senior Secured Notes as well as counterparties to certain hedging agreements. Holders of the Senior Notes may not be able to recover on the shares that are pledged or assigned because the creditors under the Revolving Credit Facility, counterparties to certain hedging agreements and holders of the Senior Secured Notes will have a prior claim on all proceeds realized from any enforcement of such pledges and any enforcement sale with respect to such collateral, and the Senior Notes will need to share any remaining proceeds from such enforcement with any other secured creditor. If the proceeds realized from the enforcement of such pledges or such sale or sales exceed the amount owed under the Revolving Credit Facility, certain of our hedging obligations and the Senior Secured Notes, any excess amount of such proceeds will be paid to the Senior Notes Trustee on behalf of itself and the registered holder of the Senior Notes for the benefit of the holders of the Senior Notes. If there are no excess proceeds, or if the amount of such excess proceeds is less than the aggregate amount of the obligations under the Senior Notes, the holders of Senior Notes will not fully recover (if at all) under such collateral.

Pursuant to the Intercreditor Agreement, until the expiration of a standstill period on enforcement of security on behalf of the holders of the Senior Notes, the Senior Notes Trustee, the Security Agent and holders of the Senior Notes will (subject to certain limited exceptions) not be able to force a sale of the collateral securing the Senior Notes or otherwise independently pursue the remedies of a secured creditor under the Security Documents relating to such collateral for so long as any amounts under the Revolving Credit Facility, certain of our hedging agreements and the Senior Secured Notes remain outstanding and, if the creditors under the Revolving Credit Facility, certain of our hedging obligations or the Senior Secured Notes enforce their security, they will have priority over the holders of the Senior Notes with respect to the proceeds from this collateral. See “*The rights to enforce remedies with respect to the collateral securing the Senior Notes and the Senior Notes Guarantees are limited as long as any senior debt is outstanding*.” As such, holders of the Senior Notes may not be able to recover on the collateral if the claims of the creditors under the Revolving Credit Facility, certain hedging obligations or the Senior Secured Notes are greater than the proceeds realized from any enforcement of the collateral. In addition, if the creditors or the agent or the Senior Secured Notes Trustee under the Revolving Credit Facility or the Senior Secured Notes (as applicable) sell the Senior Secured Notes Issuer’s shares through an enforcement of their first-priority security interest in accordance with the Intercreditor Agreement, the second-priority security interest over such shares securing the Senior Notes and the Senior Notes Guarantees will be automatically released. See “*Description of Certain Financing Arrangements—Intercreditor Agreement*” and “*Description of the Senior Notes—Security—Release of Liens*.”

***The interests of holders of Floating Rate Senior Secured Notes and of Fixed Rate Senior Secured Notes may differ.***

The Floating Rate Senior Secured Notes and the Fixed Rate Senior Secured Notes will be issued pursuant to a single indenture and will vote as a single class with respect to amendments, waivers or other modifications of the Senior Secured Notes Indenture other than with respect to amendments, waivers or other modifications that will only affect the Floating Rate Senior Secured Notes or the Fixed Rate Senior Secured Notes. The Floating Rate Senior Secured Notes will bear interest at a floating rate, will have a different call schedule and call protection and will have other features that will differ from the Fixed Rate Senior Secured Notes. As a result of these differences, the interests of holders of Floating Rate Senior Secured Notes and of Fixed Rate Senior Secured Notes could conflict with each other. For example, the holders of one series of Senior Secured Notes may be in a position to agree to certain terms in a consent solicitation that would be beneficial to such series of Senior Secured Notes but adverse to the economic interest of the other series of Senior Secured Notes. Notwithstanding, to the extent the relevant amendment or waiver is approved by the holders of a majority in aggregate principal amount of the Senior Secured Notes (subject to the limited exceptions described above), all holders will be bound by such amendment.

### **Risks Related to the Notes and Our Structure**

***Each of the Issuers is a holding company dependent upon cash flow from subsidiaries to meet its obligations on the Notes and the Guarantees.***

Each of the Issuers is a holding company with no independent business operations or significant assets other than investments in its subsidiaries. Each Issuer depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations. We intend to provide funds to the Issuers in order to meet their obligations on the Notes through a combination of dividends, distribution of available share premium reserves and intercompany loans, including in the case of the Senior Secured Notes Issuer, the Proceeds Loan and the Profit Participating Loan. Interest under the Proceeds Loan and the Profit Participating Loan may not be sufficient to pay interest on the Senior Secured Notes.

If the amount of the interest payments with respect to the Proceeds Loan and the Profit Participating Loan is less than the scheduled interest payments on the Senior Secured Notes or if our subsidiaries do not distribute cash to the relevant Issuer to make scheduled payments on the Notes, the ability of the Issuers to make payments may be limited and depend on factors beyond their control.

Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In particular, the ability of the Company to pay dividends to the Issuers will generally be limited to the amount of distributable reserves available at the Company. Under Swiss law, all dividends may only be distributed out of distributable reserves, and, in principle, interim dividends are not allowed under Swiss law. However, it is uncertain under Swiss law whether interim dividends may be allowed in certain circumstances, subject to strict conditions. Also, following a recent decision by the Swiss Federal Supreme Court, the distributable reserves of Orange and Orange Network may be reduced by the amount of any upstream or cross-stream intercompany loan provided by Orange or Orange Network which is not at arm's length terms. See "*—Our intercompany financing is subject to strict legal requirements*" below. Under Luxembourg law, all dividends may only be distributed out of distributable reserves, and any interim dividend distribution by a public limited liability company shall be subject to strict conditions. In addition, the subsidiaries of the Issuers that do not guarantee the Notes have no obligation to make payments with respect to the Notes.

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

***Our intercompany financing is subject to strict legal requirements.***

According to a recent decision of the Swiss Federal Supreme Court, the legal regime governing intercompany loans has become stricter in Switzerland. According to such decision, upstream loans must be entered into on arm's length terms. If not at arm's length, such loans constitute *de facto* distributions and may only be granted for an amount that does not exceed the lender's freely distributable reserves. The court also imposed stringent requirements on satisfying the arm's length test. In addition, the court held that an upstream loan that is not entered into at market terms reduces the lender's ability for future dividend distributions by the



amount corresponding to the loan. Our financial structure includes, *inter alia*, a significant upstream loan granted by the Company to Matterhorn Mobile. Although we believe that such loan is entered into at arm's length terms, we cannot exclude that such assessment may not be upheld by a court which could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

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

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

- in the case of collateral, in connection with any sale or other disposition to any third party of the property or assets constituting collateral, so long as the sale or other disposition is permitted by the Indentures or to the Senior Notes Issuer or any restricted subsidiary consistent with the Intercreditor Agreement;
- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Senior Notes Indenture or the Senior Secured Notes Indenture, the release of the property and assets of such Guarantor;
- in accordance with the “*Amendments and Waivers*” provisions of the Senior Notes Indenture or the Senior Secured Notes Indenture;
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Senior Notes Indenture or the Senior Secured Notes Indenture as provided under the captions “*Description of the Senior Secured Notes—Defeasance*,” “*Description of the Senior Notes—Defeasance*,” “*Description of the Senior Secured Notes—Satisfaction and Discharge*” and “*Description of the Senior Notes—Satisfaction and Discharge*”;
- with respect to the property and assets securing the Notes, automatically if a security interest granted in favor of the Revolving Credit Facility, public debt or such other indebtedness that gave rise to the obligation to grant the security interest over such property and assets is released (other than pursuant to the payment and discharge thereof); or
- in accordance with the Intercreditor Agreement.

Unless consented to by the holders of the Notes, the Intercreditor Agreement provides that the Security Agent shall not, in an enforcement scenario, exercise its rights to release the Guarantees or security interests in the collateral unless the relevant sale or disposal is made:

- for consideration all or substantially all of which is in the form of cash;
- to the extent there is a release of Guarantees or security granted for the benefit of the holders of the Senior Notes, concurrently with the discharge or release of the indebtedness of the disposed entities of certain other creditors, including the creditors under the Revolving Credit Facility and holders of the Senior Secured Notes, unless each agent for the senior creditors determines that the senior creditors will recover a greater amount if any such claim is sold or otherwise transferred to the purchaser of the disposed entities and not released and discharged; and
- pursuant to a public auction, or a fairness opinion has been obtained from a financial advisor selected by the Security Agent.

The Intercreditor Agreement also provides that the collateral securing the Notes may be released and retaken in connection with the refinancing of certain indebtedness, including the Notes, if the Senior Notes Issuer has confirmed in writing to the Security Agent that it has determined that it is either not possible or not desirable to implement any such refinancing on terms satisfactory to it by instead granting additional collateral and/or amending the terms of the existing collateral. In certain jurisdictions, such a release and retaking of collateral may give rise to the start of a new “hardening period” in respect of such collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such collateral and thus reduce your recovery under the Notes.

See “*Description of Certain Financing Arrangements—Intercreditor Agreement*,” “*Description of the Senior Secured Notes—Certain Covenants—Impairment of Security Interest*” and “*Description of the Senior Notes—Certain Covenants—Impairment of Security Interest*.”

***The Notes, each of the Guarantees, the Proceeds Loan and the Profit Participating Loan will each be structurally subordinated to the liabilities and preference shares (if any) of our non-Guarantor subsidiaries.***

The Guarantors are the only guarantors that will guarantee the Notes as of the Issue Date. Generally, claims of creditors of a non-Guarantor subsidiary, including trade creditors, and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity and any intercompany loans and by holders of the Notes under the Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our non-Guarantor subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Notes, each Guarantee, the Proceeds Loan and the Profit Participating Loan will each be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our non-Guarantor subsidiaries for the Notes. As of and for the year ended December 31, 2014, our only subsidiary that will not guarantee the Notes, Orange (Liechtenstein) AG, generated negative EBITDA.

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

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

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

Securities such as pledges, and transfer of ownership as a security, granted on financial instruments and claims are governed by the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements. Pursuant to this law, a pledge is effected, not by transfer of title, but by a transfer of possession of the pledged assets to the pledgee or to a third party acting as depository for the pledgee and the pledgee's preference rights over the pledged assets only remain in existence as long as the pledgee or the depository remains in possession of such assets.

A physical transfer of possession not being possible for intangibles such as monetary claims, the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements provides for a fictitious transfer of possession which is effected by mechanisms which depend on the nature of the intangibles involved. In case of registered shares, the dispossession is achieved by the entry of the security interest in the register of the issuer. Dispossession of cash collateral or rights under contracts is achieved by the security interest thereon being notified by the debtor/co-contractor or by the acceptance thereof by the debtor of such claims or the co-contractor.

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

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

The Senior Notes Guarantors will guarantee the payment of the Senior Notes on a senior subordinated basis and the Senior Secured Notes Guarantors will guarantee the Senior Secured Notes on a senior basis. Each Guarantee will provide the relevant holders of the Notes with a direct claim against the relevant Guarantor. In addition, the Senior Secured Notes Issuer and the Senior Secured Notes Guarantors will secure the payment of the Senior Secured Notes on a senior basis by granting security under the relevant Security Documents. Under the terms of the Intercreditor Agreement, lenders under the Revolving Credit Facility and counterparties to certain hedging agreements, however, will receive proceeds from the enforcement of the collateral securing the Senior Secured Notes in priority to holders of the Senior Secured Notes. There is no guarantee that the value of the Senior Secured Notes Guarantees or the collateral will be sufficient to satisfy claims under the Senior

Secured Notes. The Senior Notes Issuer will secure the payment of the Senior Notes on a junior basis by granting security under the relevant Security Documents. Notwithstanding, each Indenture will provide for general limitation language to the effect that each Guarantee and each security interest granted as well as any other obligation, liability or indemnification under a Security Document will be limited to the maximum amount that can be guaranteed/secured by the relevant Guarantor/security provider with respect to the aggregate obligations and exposure of the Guarantor/security provider without rendering the relevant Guarantee/security interest voidable or otherwise ineffective under Luxembourg, Swiss and other applicable law, and enforcement of each Guarantee/Security Document would be subject to certain generally available defenses. These laws and defenses include those that relate to corporate benefit, fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally.

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

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, a court could subordinate or void the Guarantees or the security interest granted under the Security Documents and, if payment had already been made under a Guarantee or enforcement proceeds applied under a Security Document, require that the recipient return the payment to the relevant Guarantor/security provider, if the court found that:

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

The validity or enforceability of a security interest granted or a guarantee issued by a Swiss Guarantor may be limited by applicable bankruptcy, insolvency, re-organization, corporate, tax, contract or similar laws, regulations or defenses affecting creditors and secured parties in general (including provisions relating to fraudulent transfer, voidable preference, corporate purpose, financial assistance, capital maintenance and solvency) or laws or principles of general application (including the abuse of rights (*Rechtsmissbrauch*) and the principle of good faith (*Grundsatz von Treu und Glauben*) and public policy.

In particular, since the Guarantees and security interests under the Security Documents as well as any other obligation, liability or indemnification under the Security Documents granted by Orange and Orange Network (the “Swiss Security Providers”) constitute obligations/guarantees/security for liabilities of direct or indirect shareholders (so called “upstream obligations/guarantees/security”), the liability of the Swiss Security Providers under their Guarantees and security interests granted by the Swiss Security Providers under the Security Documents is limited under Swiss law (i) insofar as such upstream obligations/guarantees/security must be within the corporate purpose and interests of such Swiss Security Provider and (ii) to the amount of such Swiss Security Provider’s freely disposable equity, being the balance sheet profits and non-statutory reserves available for the distribution as dividends at the time of enforcement of the Guarantees and the security interests under the Security Documents. The payment of dividends from Orange to Matterhorn Mobile will reduce the distributable profits and reserves available to satisfy the obligations under the Guarantees and the Security Documents. Also, following a recent decision by the Swiss Federal Supreme Court, the distributable reserves of Orange and Orange Network may be reduced by the amount of any upstream or cross-stream intercompany loan provided by Orange

or Orange Network which is not at arm's length terms. See “—*Risks Related to the Notes and Our Structure—Our intercompany financing is subject to strict legal requirements.*”

We are under no obligation to maintain a specific level of distributable profits and reserves, and, if we have distributable profits and reserves, we may make dividend payments that reduce our distributable profits and reserves to zero. We intend to make dividends to service indebtedness and for tax-planning purposes. There can be no assurance that we will have distributable profits and reserves available to satisfy the obligations under the Guarantees and the Security Documents, whether or not we make dividends. The payment of dividends to service our debt obligations (including under the Notes) will deplete the distributable reserves available to satisfy the obligations under the Guarantees and the Security Documents. In addition, the payment under the Guarantees by the Swiss Security Providers and the enforcement of security interests under the relevant Security Documents may require certain prior corporate formalities to be completed, including, but not limited to, obtaining an audit report, shareholders' resolutions and board resolutions. Moreover, the enforcement of a Swiss Security Provider's Guarantee and the security interest granted by them under the Security Documents may give rise to Swiss withholding taxes on dividends (of up to 35% at present rates, subject to applicable double-taxation treaties) to the extent that the payment or enforcement of security interest have to be regarded as a deemed distribution by a Swiss Security Provider to the Senior Secured Notes Issuer or any other related party and the obligations of a Swiss Security Provider to gross-up by paying additional amounts may not be enforceable under Swiss Law. In addition, the Guarantees and security interests under the Security Documents will be limited to the maximum amount such that the amount of indebtedness for which interest is deductible would not be exceeded; this amount would be tested annually. It is expected that initially this amount would be low or close to zero. In addition, financial assistance rules are uncertain under Swiss law. We cannot provide any assurance that future court rulings will not further restrict the enforceability, or deny the validity, of guarantees and security interests. Such rulings would negatively affect the ability to enforce the guarantees and security interests granted by Swiss companies. Further, Swiss corporate law rules may significantly impact the value of the Guarantees or security interests under the Security Documents.

The Companies Act 1915 does not provide for rules governing the ability of a Luxembourg company to guarantee the indebtedness of another entity of the same group. A company may give a guarantee provided the giving of the guarantee is covered by the company's corporate purposes, corporate benefit and is in the best interest of the company. Although no statutory definition of corporate benefit (*intérêt social*) exists under Luxembourg law, corporate benefit is widely interpreted and includes any transactions from which the company derives a direct or indirect economic or commercial benefit in return (such as an economic or commercial benefit) and whether the benefit is proportionate to the burden of the assistance. The provision of guarantee/security interest for the obligations of direct or indirect subsidiaries is likely to raise no particular concerns, whereas the provision of cross-stream and upstream guarantees/security interests may be more problematic. It is generally held that within a group of companies, the corporate interest of each individual corporate entity can include, to a certain extent, the interest of the group, and that the existence of a group interest can in certain cases result in the guarantee being held enforceable even where corporate benefit is not established. In this way, reciprocal assistance from one group company to another does not necessarily conflict with the interest of the assisting company. However, this assistance must be temporary, in proportion to the real financial means of the assisting company (i.e., limited to an aggregate amount not exceeding the assisting company's own funds (*capitaux propres*)), the company must receive some benefit or there must be a balance between the respective commitments of all the affiliates and the companies involved must form part of a genuine group operating under a common strategy aimed at a common objective. As a result, the guarantees/security interests granted by a Luxembourg company may be subject to limitations in order to ensure their enforceability.

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

The measure of insolvency for purposes of fraudulent conveyance laws varies depending on the law applied. For example, generally, a Luxembourg company would be considered insolvent if it is demonstrated that it is in a state of cessation of payments (*cessation des paiements*) and has lost its commercial creditworthiness (*ébranlement de crédit*). The following transactions must be declared null and void if they were undertaken



during the so-called “suspect period” (*période suspecte*) which is a maximum of six months (and ten days, depending on the transaction in question) preceding the judgment declaring bankruptcy:

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

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

#### *Luxembourg*

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

The following is a brief description of certain aspects of insolvency law in Luxembourg. In the event that an Issuer or current or future Guarantor incorporated under the laws of Luxembourg (a “Luxembourg Guarantor”) experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings.

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

- bankruptcy proceedings (*faillite*), the opening of which may be requested by the company or by any of its creditors. Following such a request, the courts having jurisdiction may open bankruptcy proceedings if the Issuer: (i) is in a state of cessation of payments (*cessation des paiements*) and (ii) has lost its commercial creditworthiness (*ébranlement de crédit*). If a Luxembourg court finds that these conditions are satisfied, it may also open bankruptcy proceedings, *ex officio* (absent a request made by the company or a creditor). The main effect of such proceedings is the suspension of all measures of enforcement against the company, except, subject to certain limited exceptions, for enforcement by secured creditors and the payment of the secured creditors in accordance with their rank upon realization of the assets;
- controlled management proceedings (*gestion contrôlée*), the opening of which may only be requested by the company and not by its creditors and under which a court may order provisional suspension of payments, including a stay of enforcement of claims by secured creditors; and
- composition proceedings (*concordat préventif de 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 the composition proceedings triggers a provisional stay on enforcement of claims by creditors.

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

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

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



- social security contributions; and
- remuneration owed to employees.

Pursuant to article 20 of the Luxembourg Act dated August 5, 2005 concerning financial collateral arrangements, all collateral arrangements in respect of assets over which the Luxembourg security interests have been granted, as well as all enforcement events and valuation and enforcement measures agreed upon by the parties in accordance with this law, are valid and enforceable against third parties, commissioners, receivers, liquidators and other similar persons notwithstanding any insolvency proceedings.

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 Luxembourg court as to the petition for controlled management, and may be affected thereafter by a reorganization order given by the court. A reorganization order requires the prior approval by more than 50% of the creditors representing more than 50% of the relevant Luxembourg company's liabilities in order to take effect.

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

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

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

The transactions potentially subject to avoidance also include those contemplated by the guarantees issued by the Issuers or the granting of security interests under the Security Documents by a Luxembourg entity. If they are challenged successfully, the guarantees issued by the Issuers may become unenforceable and any amounts received must be refunded to the insolvent estate.

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

receiver may choose to terminate certain contracts. As of the date of adjudication of bankruptcy, no interest on any unsecured claim will accrue *vis-à-vis* the bankruptcy estate.

Insolvency proceedings may hence have a material adverse effect on the relevant Luxembourg company's business and assets and the Luxembourg company's respective obligations under the Notes (as Issuer or Luxembourg Guarantor, as applicable).

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

### *Switzerland*

Orange and Orange Network are incorporated under the laws of Switzerland and, in the event of insolvency of any of these entities, insolvency proceedings may be initiated in Switzerland. The insolvency laws of Switzerland may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar.

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

Pursuant to Swiss insolvency laws, your ability to receive payment under the Notes may be more limited than would be the case under U.S. or any other non-Swiss bankruptcy laws. Under Swiss law, the following types of proceedings (altogether referred to as insolvency proceedings) may be opened against an entity having its registered office or assets in Switzerland.

In the event of a Swiss entity's insolvency, the respective insolvency proceedings would be governed by Swiss law as a result of such Swiss entity's offices being registered in the competent commercial register in Switzerland. In addition, Swiss debt enforcement and insolvency laws may be applicable in case of an enforcement of security interests over assets of a foreign entity located in Switzerland. The enforcement of claims and questions relating to insolvency and bankruptcy in general are dealt with by the Swiss Federal Act on Debt Enforcement and Bankruptcy, as amended from time to time. Under these rules, claims that are pursued against a Swiss entity can lead to the opening of bankruptcy (*Konkurs*) and, hence, a general liquidation of all assets, even if located outside Switzerland, and liabilities of the debtor. However, with regard to assets located outside Switzerland, a Swiss bankruptcy decree is enforceable only if it is recognized at the place where such assets are located. If bankruptcy has not been declared, creditors secured by a pledge must follow a special enforcement proceeding limited to the liquidation of the collateral (*Betreibung auf Pfandverwertung*) unless the parties have agreed on a private liquidation.

However, if bankruptcy is declared while such a special enforcement proceeding is pending, the proceeding ceases and the creditor participates in the bankruptcy proceedings with the other creditors and a private liquidation is no longer permitted.

As a rule, the opening of bankruptcy by the competent court needs to be preceded by a prior debt enforcement procedure which involves, *inter alia*, the issuance of a payment summons by local debt enforcement authorities (*Betreibungsamt*). However, the competent court may also declare a debtor bankrupt without such prior proceedings if the following requirements are met: (i) at the request of the debtor, if the debtor's board of directors or the auditors of the company (in case of failure of the board of directors) declare that the debtor is overindebted (*überschuldet*) within the meaning of art. 725 (2) of the Swiss Code of Obligations (or the corresponding provision of the Swiss Code of Obligations in case of a limited liability company (*GmbH*)) or if it declares to be insolvent (*zahlungsunfähig*), and (ii) at the request of a creditor, if the debtor commits certain acts to the detriment of its creditors or ceases to make payments (*Zahlungseinstellung*) or if certain events happen during composition proceedings. The bankruptcy proceedings are carried out and the bankrupt estate is managed by the receiver in bankruptcy (*Konkursverwaltung*) which will draw up an inventory of the assets and, further to a creditors' call for the filing of claims, establish a schedule of claims (*Kollokationsplan*).

All assets at the time of the declaration of bankruptcy and all assets acquired or received subsequently form the bankrupt estate which, after deduction of costs and certain other expenses, is used to satisfy the creditors. However, in respect of assets located abroad, the Swiss authorities do not have jurisdiction to collect such assets for the purpose of including them in the Swiss bankruptcy estate of the debtor. It is therefore the foreign law applicable at the place where the assets are located abroad, or treaties between Switzerland and the state in which

such assets are located, that will determine whether and to what extent the foreign authorities can assist in the collection of these assets. Assets of the bankrupt estate over which a pledge was created in favor of a creditor before the declaration of bankruptcy are included in the bankrupt estate. The pledgee is under an obligation to remit the pledged assets to the bankrupt estate. The assets are liquidated by the receiver in bankruptcy in the same manner as the other assets of the bankrupt estate, but the creditor secured by the pledge retains its privilege to be satisfied from the proceeds of the liquidation of the assets pledged to it with priority over the unsecured creditors. Final distribution of non-secured claims is based on a ranking of creditors in three classes. The first and the second class, which are privileged, comprise claims under employment contracts, accident insurance, pension plans, family law and claims for deposits under the Swiss banking act. Certain privileges can also be claimed by the government and its subdivisions based on specific provisions of federal law. All other creditors are treated equally in the third class. A secured party participates in the third class to the extent its claim is not covered by its collateral.

If the enforcement proceeds are not sufficient to fully satisfy the secured claims, the remainder of the claims have equal rank as unsecured claims with all other unsecured and (provided it is not a privileged claim) non-prioritized claims. If several pledges secure the same claim, the amount realized is applied proportionally to the claim.

Any creditor wishing to contest the schedule of claims because his claim has been entirely or partially rejected by the receiver in bankruptcy or not allocated in the rank requested must bring an action against the estate before the competent court. If any creditor wishes to contest the admission of another creditor to the schedule of claims or the allocated rank, he must bring an action against such creditor. Such court proceedings could cause holders of notes to recover less than the principal amount of their notes or less than they could recover in a United States liquidation. Such proceedings could also cause payment to the holders of the Notes to be delayed, as compared with holders of undisputed claims.

Claims assigned for security purposes by a Swiss entity that came into existence prior to the opening of bankruptcy can be enforced by the assignee outside Swiss bankruptcy proceedings, subject to potential avoidance actions. According to the current jurisprudence of the Swiss Federal Supreme Court, assigned claims that come into existence after the opening of bankruptcy over a Swiss entity or similar insolvency proceedings that lead to the loss of the capacity of the relevant assignor to dispose of such rights or claims may generally not be enforceable by the secured creditor.

The Guarantees by the Swiss guarantors are, based on a choice of law, subject to the laws of New York. Should a Swiss court accept jurisdiction in proceedings on the merits, a Swiss court will generally recognize the choice of law. The scope of such choice of law is, usually, limited to the rules of the substantive law chosen by the parties; as to procedural matters, a Swiss court will apply Swiss procedural law. Due to the different nature of Swiss procedural law and the procedural law in common law jurisdictions (such as the United States of America and the United Kingdom) classification and delimitation issues between substantive and procedural law could occur. To establish the non-Swiss substantive law applicable to the merits, a Swiss court may, in pecuniary matters, request the parties to establish the non-Swiss substantive law; Swiss law will be applied, if the content of the foreign substantive law cannot be established. While a Swiss court will generally accept a choice of law, restrictively applied exceptions exist: Swiss courts may diverge from the chosen substantive law if such chosen law would lead to a result contrary to Swiss public policy, if the purpose of mandatory rules of Swiss law require, by their special aim, immediate application, or if the purpose of mandatory rules of another law, to which the dispute is closely connected, are considered legitimate under Swiss legal concepts and, upon weighing the interests of the parties involved, the clearly predominant interest(s) of one party so require.

Swiss insolvency laws also provide for reorganization procedures by composition with the debtor's creditors. Reorganization is initiated by a request with the competent court for a stay (*Nachlassstundung*) pending negotiation of the composition agreement with the creditors and confirmation of such agreement by the competent court. A distinction is made between a composition agreement providing for the assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) which leads to a private liquidation and in many instances has analogous effects as a bankruptcy, and a dividend composition (*Dividenden-Vergleich*) providing for the payment of a certain percentage on the creditors' claims and the continuation of the debtor. Further, there is the possibility of a composition in the form of a mere payment term extension (*Stundungsvergleich*). During a moratorium, debt collection proceedings cannot be initiated and pending proceedings are stayed. An assignment of claims for security purposes entered into by a Swiss entity prior to the granting of a moratorium is ineffective if the assigned claims come into existence only after the granting of a moratorium. Furthermore, the debtor's power to dispose of its assets and to manage its affairs is restricted. In case of a pledge, the secured party is not entitled to proceed with a private liquidation until the confirmation of the settlement by the competent court. A secured creditor participates in the settlement only for the

amount of its claim not covered by the collateral. The moratorium does not affect the agreed due dates of debts (contrary to bankruptcy, in which case all debts become immediately due upon adjudication). The moratorium aims at facilitating the conclusion of one of the above composition agreements. Any composition agreement needs to be approved by the creditors and confirmed by the competent court. With the judicial confirmation, the composition agreement becomes binding on all creditors, whereby secured claims are only subject to the composition agreement to the extent that the collateral proves to be insufficient to cover the secured claims.

Foreign bankruptcy decrees issued in the country of a debtor's domicile may be recognized in Switzerland only, provided that (i) the bankruptcy decree is enforceable in the country where it was issued, (ii) its recognition is, *inter alia*, not against Swiss public policy, and (iii) the country which issued the bankruptcy decree grants reciprocity to Switzerland.

***The Swiss collateral is subject to hardening periods and the Swiss Guarantees are subject to fraudulent transfer (avoidance actions).***

Certain arrangements or dispositions that are made during a certain period (the “suspect period”) preceding the declaration of bankruptcy or the grant of a moratorium in connection with a composition proceeding may be challenged by the receiver in bankruptcy (*Konkursverwaltung*) and certain creditors under the applicable rules of avoidance. The avoidance may relate to (i) gifts and gratuitous transactions made in the suspect period of twelve months prior to being declared bankrupt or the grant of a moratorium, (ii) certain acts of a debtor in the suspect period of twelve months prior to being declared bankrupt or the grant of a moratorium if the debtor at that time was over-indebted, and (iii) dispositions made by the debtor within a suspect period of five years prior to being declared bankrupt or the grant of a moratorium with the intent to disadvantage its creditors or to prefer certain of its creditors to the detriment of other creditors. The transactions potentially subject to avoidance also include those contemplated by a Swiss entity's Guarantee or the granting of security interests under the Security Documents by a Swiss entity. If they are challenged successfully, the rights granted under the Guarantee or in connection with security interests under the Security Documents may become unenforceable and any amounts received must be refunded to the insolvent estate.

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

Upon the occurrence of certain events constituting a “change of control,” the Issuers would be required to offer to repurchase all outstanding Notes, at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the relevant Issuer to pay the purchase price of the outstanding notes, including the Notes, or that the restrictions in our Revolving Credit Facility, the Senior Notes Indenture, the Senior Secured Notes Indenture, the Intercreditor Agreement or our other than existing contractual obligations would allow us to make such required repurchases. A change of control may result in our Revolving Credit Facility and other indebtedness being mandatorily prepaid and cancelled and may result in an event of default under, or acceleration of, our other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. The ability of the Issuers to receive cash from their respective subsidiaries to allow them to pay cash to the holders of the Notes following the occurrence of a change of control, may be limited by our then existing financial resources. In addition, under the terms of the Revolving Credit Facility, under certain circumstances, we are required to repay an equal amount of debt under our Revolving Credit Facility if we repay all or a portion of the principal under the Notes. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to the Issuers for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, Issuers will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing.

Any failure by the relevant Issuer to offer to purchase the respective Notes would constitute a default under the Senior Secured Notes Indenture or the Senior Notes Indenture, as applicable, which would, in turn, constitute a default under the Revolving Credit Facility and certain other indebtedness. See “*Description of the Senior Secured Notes—Change of Control*” and “*Description of the Senior Notes—Change of Control*.”



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

In addition, a change of control will not be deemed to have occurred on one occasion if the acquiror operates a permitted business and a certain consolidated leverage ratio is not exceeded as a result of such event that constitutes a Specified Change of Control Event (as defined in “*Description of the Senior Secured Notes—Certain Definitions—Specified Change of Control Event*” and “*Description of the Senior Notes—Certain Definitions—Specified Change of Control Event*”). See “*Description of the Senior Secured Notes—Change of Control*” and “*Description of the Senior Notes—Change of Control*.”

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

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

We cannot assure you as to:

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

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

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

In addition, the Senior Notes Indenture and the Senior Secured Notes Indenture will allow us to issue additional notes of such in the future which could adversely impact the liquidity of the Notes.

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

The CHF Fixed Rate Senior Secured Notes will be denominated and payable in Swiss francs and each of the Euro Fixed Rate Senior Secured Notes, the Floating Rate Senior Secured Notes and the Senior Notes will be denominated and payable in euros. If investors measure their investment returns by reference to a currency other



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

***The tax treatment of the Notes with respect to Swiss withholding tax is not yet confirmed by the Swiss tax authorities.***

The tax treatment of the Notes with respect to the Swiss withholding tax has, in principle, been confirmed by the Swiss Federal Tax Administration. The final tax ruling request is in the process of being confirmed by the Swiss Federal Tax Administration. Although we have no reason to believe that this confirmation will not be received, we cannot assure you that such tax ruling will be obtained. See “*Tax—Swiss Tax Considerations.*”

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

The Issuers 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 Issuers and the Guarantors are non-residents of the United States. Although we 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 these directors and executive officers. In addition, as all of the assets of the Issuers 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 judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuers 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 Switzerland or Luxembourg. There is, therefore, doubt as to the enforceability in Switzerland or Luxembourg of civil liabilities based upon U.S. securities laws in an action to enforce a U.S. judgment in Switzerland or Luxembourg. In addition, the enforcement in Switzerland 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 Swiss or Luxembourg court would have the requisite power or authority to grant remedies sought in an original action brought in Switzerland or Luxembourg on the basis of U.S. securities laws violations. See “*Enforceability of Judgments.*”

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

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

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

The Notes and the Guarantees have not been registered under, and we are not obliged to register the Notes or the Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so

registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See “*Notice to Investors.*” We have not agreed to or otherwise undertaken to register the Notes or the Guarantees, and do not have any intention to do so.

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

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

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

Similarly, upon the occurrence of an event of default under the Indentures, unless and until the definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

## **Risks Related to Our Ownership**

***The interests of our principal shareholder may conflict with your interests.***

The interests of our principal shareholder, in certain circumstances, may conflict with your interests as holders of the Notes. We are controlled by NJJ, the private holding company of entrepreneur and telecommunications investor Xavier Niel. See “*Principal Shareholder.*” NJJ may appoint a majority of our Board of Directors and determine our corporate strategy, management and policies. In addition, NJJ has control over our decisions to enter into any corporate transaction and has the ability to prevent any transaction that requires the approval of shareholders regardless of whether holders of the Notes believe that any such transactions are in their own best interests. For example, our shareholder could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the Senior Secured Notes Indenture, the Senior Notes Indenture, the Revolving Credit Facility and the Intercreditor Agreement so permit. The incurrence of additional indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect holders of the Notes. So long as companies controlled by NJJ collectively continue to own a significant amount of our capital stock, even if such amount is less than 50%, NJJ will continue to be able to strongly influence or effectively control our decisions. The interests of NJJ may not coincide with your interests.

## USE OF PROCEEDS

The gross proceeds from the sale of the Notes offered hereby will be CHF 2,016.5 million, and we estimate that the net proceeds will be approximately CHF 2,001.4 million. We intend to use the net proceeds from the Offering (equal to the gross proceeds from the Offering after deducting the Initial Purchasers' commissions and certain estimated expenses to be incurred in connection with the Offering, including legal, accounting and other professional fees), together with cash on balance sheet, to (i) redeem in full all the Existing Notes, (ii) terminate or amend our existing hedging obligations and (iii) make a distribution to our shareholder. See "*Summary—The Refinancing Transactions*" and "*Summary—Sources and Uses for the Refinancing Transactions.*"

## SUMMARY CAPITALIZATION

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

- Matterhorn Financing on an aggregated basis as of December 31, 2014; and
- the Senior Notes Issuer as adjusted to give effect to the Acquisition, the Corporate Recapitalization and the Refinancing Transactions as described in “*Use of Proceeds*” as of December 31, 2014.

Due to the summary nature of this presentation, reference should be made to the more detailed capitalization table presented under “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capitalization of the Senior Notes Issuer*” and the accompanying explanation and notes thereto. You should read this table in conjunction with “*Use of Proceeds*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” “*Description of Certain Financing Arrangements*,” “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*” and our consolidated financial statements and the accompanying notes of MMH appearing elsewhere in this Offering Memorandum.

As of December 31, 2014			
	Matterhorn Financing Actual Aggregated	Adjustments <sup>(1)(2)</sup>	Senior Notes Issuer As Adjusted
		(CHF in millions)	
<b>Cash and cash equivalents</b> .....	<b>117</b>	<b>(22)<sup>(3)</sup></b>	<b>95</b>
Revolving Credit Facility <sup>(4)</sup> .....	—	—	—
Existing Fixed Rate Senior Secured Notes .....	450	(450)	—
Existing Euro Floating Rate Senior Secured Notes .....	397	(397)	—
Existing CHF Floating Rate Senior Secured Notes .....	120	(120)	—
Senior Secured Notes offered hereby <sup>(5)</sup> .....	—	1,758	1,758
<b>Total senior secured debt</b> .....	<b>967</b>	<b>791</b>	<b>1,758</b>
Senior Notes offered hereby <sup>(5)</sup> .....	—	259	259
Existing Senior Notes .....	271	(271)	—
Existing Senior Unsecured Notes .....	186	(186)	—
Existing PIK Notes .....	301	(301)	—
<b>Total debt</b> .....	<b>1,724</b>	<b>292</b>	<b>2,017</b>
Capitalized transaction costs .....	(32)	12	(20) <sup>(6)</sup>
Derivative liabilities .....	11	(11)	—
<b>Total financial liabilities</b> .....	<b>1,703</b>	<b>293</b>	<b>1,996</b>
<b>Total equity</b> .....	<b>(37)<sup>(7)</sup></b>	<b>(251)<sup>(8)</sup></b>	<b>(288)<sup>(9)</sup></b>
<b>Capitalization</b> .....	<b>1,666</b>	<b>42</b>	<b>1,708</b>

(1) Adjustments to give effect to the Acquisition and the Refinancing Transactions.

(2) A mark-to-market net impact of CHF (44.5) million (representing the difference between the mark-to-market loss on our hedging agreements and the mark-to-market gain on our Existing Notes denominated in euros converted at an exchange rate of CHF 1.034 per €1.00) in connection with the termination or amendment of our existing hedging agreements as part of our Refinancing Transactions has been taken into account in our cash adjustment for the Refinancing Transactions but not our equity which is represented as of December 31, 2014.

(3) CHF 22.1 million of cash on balance sheet will be used as part of the sources in connection with the Refinancing Transactions. See “*Summary—Sources and Uses for the Refinancing Transactions*.”

(4) The Revolving Credit Facility is secured by the same collateral that will secure the obligations under the Senior Secured Notes being offered hereby. As of the Issue Date, the Revolving Credit Facility will remain undrawn and fully available. The Revolving Credit Facility was entered into on February 23, 2015. See “*Description of Certain Financing Arrangements*.”

(5) The CHF-equivalent of the euro-denominated Notes offered hereby has been converted at the exchange rate of CHF 1.034 per €1.00. This exchange rate differs from the exchange rate in effect as of December 31, 2014 and may differ from the exchange rate in effect as of the Issue Date. See “*Summary—Sources and Uses for the Refinancing Transactions*” and “*Exchange Rate Information*” for further information.

(6) In connection with the issuance of the Notes offered hereby, we expect to incur fees and expenses of CHF 20.3 million, all of which we intend to capitalize.

(7) Represents an aggregate of the total equity for MMH on a consolidated basis, Matterhorn Midco, Matterhorn Financing and elimination entries consisting of an adjustment to eliminate the subscribed capital and share premium of MMH and Matterhorn Midco included in the aggregated equity of each of Matterhorn Midco and Matterhorn Financing as of December 31, 2014.

(8) Represents the CHF 150.0 million distribution being made to our shareholder as part of the use of proceeds, CHF 69.1 million of estimated redemption premiums that are not being capitalized in connection with the Refinancing Transactions and CHF 32.0 million of capitalized transaction costs related to the previous issuances which are being written-off.

(9) The total equity for OCH-AT Holding, our parent company, was CHF 1,124 million as of March 31, 2015 and reflects the equity injected by NJJ in connection with the Acquisition. OCH-AT Holding and the Senior Notes Issuer are under common control by our principal shareholder. Please note that (i) the equity position of OCH-AT Holding does not represent our own equity position and (ii) does not give effect to consolidation at the OCH-AT Holding level and therefore does not represent the consolidated equity position of OCH-AT Holding. In addition, the equity position of OCH-AT Holding does not give effect to the Refinancing Transactions. OCH-AT Holding does not form part of the Restricted Group. See “*Summary—Corporate Structure and Certain Financing Arrangements*.”

## SELECTED HISTORICAL FINANCIAL INFORMATION

Each of the Issuers was formed on March 25, 2015 for the purpose of facilitating the Corporate Recapitalization being undertaken in connection with the Refinancing Transactions. See “*Summary—The Refinancing Transactions.*” The Senior Notes Issuer is the direct parent company of the Senior Secured Notes Issuer, and as of the Issue Date, the Senior Secured Notes Issuer will be the new direct parent company of Matterhorn Mobile and the indirect parent company of Orange. Each Issuer is a holding company, and none of the Issuers or Matterhorn Mobile has material assets or liabilities other than their interest in Orange. As of the Issue Date, the Senior Notes Issuer together with its direct and indirect subsidiaries, including the Senior Secured Notes Issuer and Orange, will constitute the Group.

As of the date of this Offering Memorandum, MMH is the direct parent company of Matterhorn Mobile, and Matterhorn Mobile is the direct parent company of Orange. MMH together with its direct and indirect subsidiaries, including Matterhorn Mobile and Orange, constitutes the MMH Group from February 29, 2012, when Matterhorn Mobile acquired Orange. As a result, we have included and discussed in this Offering Memorandum the audited consolidated financial statements of the MMH Group. Both of MMH and Matterhorn Mobile are holding companies with no independent business operations or significant assets other than investments in Orange and were formed for the issuance of the Existing Senior Notes and the Existing Senior Secured Notes. As of the date of this listing, we have initiated liquidation for MMH and we may liquidate Matterhorn Mobile. See “*Summary—Corporate Recapitalization.*”

This Offering Memorandum includes the audited consolidated financial statements of the MMH Group for the years ended December 31, 2013 and 2014. The audited consolidated financial statements of the MMH Group as of and for the years December 31, 2013 and 2014 have been prepared in accordance with IFRS. The financial information presented in this Offering Memorandum for the years ended December 31, 2013 and 2014 is the consolidated financial information of the MMH Group, which has been derived from the audited consolidated financial statements of the MMH Group.

In the audited consolidated financial statements of the MMH Group as of and for the year ended December 31, 2013, the figures for the year ended December 31, 2012 were restated to reflect revised auditing standards and amendments that came into effect from January 1, 2013. The financial information presented in this Offering Memorandum for the year ended December 31, 2012 has been derived from the audited consolidated statements of the MMH Group for the year ended December 31, 2013.

The revised auditing standards and amendments that came into effect from January 1, 2013 relate to the accounting for changes in defined benefit obligations and plan assets, which require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. These changes have had an impact on the amounts recognized in profit or loss and other comprehensive income in 2012.

The financial information for the Orange Group for the period from January 1, 2012 to February 29, 2012 as predecessor has been derived from the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013, and the financial information for the MMH Group for the period from March 1, 2012 to December 31, 2012 as successor has also been derived from the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013.

Unless otherwise indicated, the financial information presented in this Offering Memorandum for the year ended December 31, 2012 is the unaudited aggregate financial information that combines the results of the Orange Group and the MMH Group for the year ended December 31, 2012 as restated. The aggregated financial information for the year ended December 31, 2012 is calculated by taking the financial information for the Orange Group for the period from January 1, 2012 to February 29, 2012 (as set out in the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013), from when Matterhorn Mobile, the wholly owned subsidiary of MMH, acquired Orange and consolidated its results, and adding it to the financial information for the MMH Group for the period from March 1, 2012 to December 31, 2012 (as set out in the comparative information in the audited consolidated financial statements of the MMH Group for the year ended December 31, 2013).



*Selected Consolidated Statement of Profit / (Loss)*

	Orange	MMH	Aggregate (Orange and MMH)	MMH	
	For the period from January 1 to February 29, 2012	For the period from March 1 to December 31, 2012	For the year ended December 31, 2012	For the year ended December 31, 2013	For the year ended December 31, 2014
	(CHF in thousands)				
<b>Revenue</b> . . . . .	<b>203,560</b>	<b>1,118,056</b>	<b>1,321,616</b>	<b>1,291,426</b>	<b>1,316,090</b>
Access, back bone, interconnection and content costs . . . . .	(35,664)	(184,261)	(219,925)	(204,979)	(189,135)
Commercial expenses and cost of equipment sold . . .	(58,138)	(354,412)	(412,550)	(387,929)	(410,698)
Network, IT, property expenses and other purchases . . . . .	(31,010)	(146,800)	(177,810)	(173,516)	(163,876)
Labor expenses . . . . .	(23,155)	(113,738)	(136,893)	(113,127)	(107,013)
Other operating expenses . . .	(4,773)	(16,788)	(21,561)	(33,325)	(31,149)
Other operating income . . . .	7,951	4,065	12,016	9,936	18,515
Result on disposal and other gains . . . . .	10	122	132	13	844
Restructuring, transition and transaction costs . . . . .	(1,079)	(45,290)	(46,369)	(22,949)	(35,618)
Corporate and brand fees . . .	(4,991)	(18,897)	(23,888)	(21,410)	(19,617)
Depreciation, amortization and impairment . . . . .	(29,702)	(238,827)	(268,529)	(329,312)	(258,534)
<b>Operating profit / (loss)</b> . . .	<b>23,009</b>	<b>3,229</b>	<b>26,238</b>	<b>14,828</b>	<b>119,810</b>
Finance costs . . . . .	(2,373)	(102,619)	(104,992)	(99,214)	(114,475)
Finance income . . . . .	73	5,426	5,499	8,224	14,176
<b>Finance costs, net</b> . . . . .	<b>(2,300)</b>	<b>(97,193)</b>	<b>(99,493)</b>	<b>(90,990)</b>	<b>(100,299)</b>
Profit / (loss) before tax . . . .	20,709	(93,965)	(73,256)	(76,163)	19,510
Income tax (expenses) / benefit . . . . .	(5,828)	(13,512)	(19,340)	17,850	(3,983)
<b>Profit / (loss)</b> . . . . .	<b>14,881</b>	<b>(107,477)</b>	<b>(92,596)</b>	<b>(58,313)</b>	<b>15,527</b>
Profit / (loss) attributable to equity owners . . . . .	14,881	(107,477)	(92,596)	(58,313)	15,527

*Selected Consolidated Statement of Financial Position*

	MMH		
	As of December 31,		
	2012	2013	2014
	(CHF in thousands)		
Total non-current assets . . . . .	2,200,207	2,070,478	1,979,537
Total current assets . . . . .	497,750	502,996	464,818
<b>Total Assets</b> . . . . .	<b>2,697,957</b>	<b>2,573,474</b>	<b>2,444,355</b>
Total non-current liabilities . . . . .	1,583,593	1,486,610	1,484,108
Total current liabilities . . . . .	575,067	583,767	507,723
<b>Total Liabilities</b> . . . . .	<b>2,158,660</b>	<b>2,070,377</b>	<b>1,991,831</b>
<b>Total Equity</b> . . . . .	<b>539,298</b>	<b>503,097</b>	<b>452,523</b>
<b>Total Equity and Liabilities</b> . . . . .	<b>2,697,957</b>	<b>2,573,474</b>	<b>2,444,355</b>

*Selected Consolidated Statement of Cash Flows*

	Orange	MMH	Aggregate (Orange and MMH)	MMH	
	For the period from January 1 to February 29, 2012	For the period from March 1 to December 31, 2012	For the year ended December 31, 2012	For the year ended December 31, 2013	For the year ended December 31, 2014 <sup>(1)</sup>
	(CHF in thousands)				
Net cash provided by operating activities . . . . .	27,518	307,620	335,138	358,783	221,356
Net cash used in investing activities . . . . .	(30,863)	(1,508,622)	(1,539,485)	(157,556)	(159,310)
Net cash provided by / (used in) financing activities . . .	(413,502)	1,327,988	914,486	(175,227)	(108,411)

(1) For a description of net cash from operating activities for the year ended December 31, 2014, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Net Cash Flow from Operating Activities.*”

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

*The following is a discussion and analysis of the results of our operations and financial condition based on (i) the restated figures for the year ended December 31, 2012, which appear in the audited consolidated financial statements of the MMH Group as of and for the year ended December 31, 2013, and (ii) the audited consolidated financial statements of the MMH Group as of and for the years ended December 31, 2013 and 2014, each prepared in accordance with IFRS. In the audited consolidated financial statements of the MMH Group as of and for the year ended December 31, 2013, the comparative figures for the year ended December 31, 2012 have been restated to reflect revised auditing standards and amendments that came into effect from January 1, 2013 for the year ended December 31, 2013. See "Presentation of Financial and Other Data." As a consequence, the financial information for the year ended December 31, 2012 has been derived from the comparative information in the audited consolidated financial statements of the MMH Group as of and for the year ended December 31, 2013.*

*For the purpose of this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section, we present financial information for the year ended December 31, 2012, which represents the combination of the financial information of the Orange Group and the MMH Group. Financial information for the year ended December 31, 2012 is calculated by taking the financial information of the Orange Group for the period from January 1, 2012 to February 29, 2012, and adding it to the financial information of the MMH Group for the period from March 1, 2012 to December 31, 2012. We refer to this as "Aggregate (Orange and MMH)" financial information "for the year ended December 31, 2012." The presentation of unaudited aggregate financial information for the year ended December 31, 2012 is not intended to comply with IFRS and does not represent pro forma information. The unaudited aggregate financial information for the year ended December 31, 2012 is intended to give an indication of the financial results of the aggregated results of operations of the Orange Group and the MMH Group for the year ended December 31, 2012. The unaudited aggregate financial information for the year ended December 31, 2012 is not fully comparable with other periods.*

*Except as the context otherwise indicates, when discussing historical results of operations in this "Management's Discussion and Analysis of Financial Condition and Results of Operations," "we," "our" and other similar terms are generally used to refer to (i) the Orange Group for the period from January 1, 2012 to February 29, 2012 and (ii) the MMH Group for the period from March 1, 2012 to December 31, 2012 and for the years ended December 31, 2013 and 2014.*

*You should read this discussion in conjunction with the audited consolidated financial statements of the MMH Group as of and for the years ended December 31, 2013 and 2014, and the accompanying notes thereto included elsewhere in this Offering Memorandum. A summary of the critical accounting estimates that have been applied to the audited consolidated financial statements of the MMH Group is set forth in its audited consolidated financial statements. This discussion also includes forward-looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties facing us as a result of various factors, see "Risk Factors."*

### Key Factors Affecting Results of Operations

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

The key component of our revenue is mobile ARPU revenue, which contributed 77.8% of our total revenue for the year ended December 31, 2014. Our mobile ARPU revenue is principally driven by the number of mobile subscribers on our network (our mobile subscriber base) and the ARPU, or average mobile revenue per user (see "—ARPU"), that they generate. Our subscriber base evolution is driven by market dynamics (including demographics, technical innovation and changing customer behavior), gross connections market share (our ability to capture new subscribers), and our churn rate (our ability to retain existing customers, see "—Churn"). A key factor that has recently impacted our mobile ARPU revenue is the increasing use of data services linked to the increasing popularity of smartphones and mobile computing devices, and our ability to successfully address this growing demand. In the course of 2014, we monetized an increase of 77% in data traffic into an increase of 10% of data revenue. Further, mobile revenue is affected by macro-economic trends, such as competition-driven price evolution and general macro-economic conditions. Since 2012, our competitors have lowered prices for certain of their plans in different ways. Over the last few years, our competitors have also lowered roaming prices several times, with the most recent announcement by upc cablecom in the summer of 2014 and by Swisscom in February 2015.

In response to these price reductions, we have changed our product offerings on several occasions over the period under review, such as with our Orange Me plans and the Orange Young offerings that we refreshed in 2014. In 2014, we reduced our roaming prices with new Go Europe and Go World options by: (i) offering our customers uniform tariffs for calls and SMS while abroad at Swiss national rates and (ii) cutting call and text rates for roaming in Europe. We also introduced add-on roaming data packages for each of our Go Europe, Go World and unlimited roaming product offerings. If our competitors continue to reduce their prices, we may further review our pricing strategies in the future.

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

### ***Mobile Subscriber Base***

Mobile subscribers consist of subscribers for voice services (including incoming and outgoing calls), SMS and MMS services, data services for handsets and mobile broadband services (wireless internet access through a laptop, tablet or dongle).

Postpaid mobile subscribers are counted in our subscriber base as long as they have an active contract. The calculation includes subscribers through wholesale resellers, but excludes subscribers through MVNOs as MVNOs own their subscriber bases. Prepaid mobile subscribers are counted in our subscriber base according to the Twelve Months Rule.

Effective from January 1, 2013, we have applied the Twelve Months Rule to prepaid inactivity business, the same rule applied by Swisscom. Previously, we applied the Three Months Rule. We changed our prepaid inactivity business rule in order to align our subscriber base and ARPU definition to market standards. In certain sections of this Offering Memorandum, we have applied the Three Months Rule to certain 2013 figures for comparison purposes.

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

The table below sets forth selected mobile subscriber data for the periods indicated, including a split by subscriber segment.

	<b>As of December 31,</b>					
	<b>2012 (Twelve Months Rule)</b>	<b>2013 (Twelve Months Rule)</b>	<b>Change</b>	<b>2013 (Twelve Months Rule)</b>	<b>2014 (Twelve Months Rule)</b>	<b>Change</b>
	<b>(thousands of subscribers and percentage, as applicable)</b>					
Postpaid subscribers <sup>(1)(2)(3)</sup> . . . . .	1,063	1,129	6.2%	1,129	1,155	2.3%
Prepaid subscribers <sup>(1)(3)</sup> . . . . .	1,061	1,017	(4.1)%	1,017	1,011	(0.6)%
Mobile subscribers at end of period <sup>(1)</sup> . . . . .	2,124	2,146	1.0%	2,146	2,166	0.9%

(1) Includes subscribers through resellers, but excludes subscribers through MVNOs as MVNOs own their subscriber base, whereas we enter into direct contractual arrangements with customers of resellers.

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

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

Our mobile subscriber base increased by 1.0% between December 31, 2012 and December 31, 2013. This increase was driven by the acquisition of 66,000 postpaid subscribers offset by a decrease in the number of prepaid subscribers, as a consequence of a better conversion from prepaid to postpaid activities, a consolidation of the base and increasing competition. Our mobile subscriber base increased by a further 0.9% between December 31, 2013 and December 31, 2014, primarily driven by the acquisition of 26,000 postpaid subscribers. Our share of the Swiss mobile telecommunications market by number of subscribers was 19.3% at the end of 2012, 18.1% at the end of 2013 and 18.1% at the end of 2014, compared to a market share for Swisscom of 56.4% at the end of 2012, 54.2% at the end of 2013 and 54.8% at the end of 2014 and a market share for Sunrise of 24.3% at the end of 2012, 27.7% at the end of 2013 and 27.1% at the end of 2014. See “*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share.*”

Postpaid subscribers and prepaid subscribers represented 50.1% and 49.9% respectively, of our mobile subscriber base as of December 31, 2012 and 53.3% and 46.7%, respectively, of our mobile subscriber base as of December 31, 2014. The proportion of high-value customers is greater in our postpaid segments (both residential and business) as a result of increased use of smartphones as well as data services compared to the prepaid segment.

Our postpaid subscriber base increased by 6.2% between December 31, 2012 and December 31, 2013, due to the continued success of Orange Me and Orange Young as well as an increase in B2B accounts with more than 50 lines per customer. Our postpaid subscriber base increased by 2.3% from December 31, 2013 to December 31, 2014, primarily due to the refreshing of Orange Me and Orange Young tariffs as well as the successful launch of “*Das Abo.*”

Our prepaid subscriber base decreased by 4.1% from December 31, 2012 to December 31, 2013, due to overall trends in the prepaid market, and decreased by 0.6% between December 31, 2013 and December 31, 2014, due to the removal of inactive subscribers identified by our new IT system. Due to prepaid market evolution, prepaid subscribers tend to be price sensitive and expect regular innovations, which we sought to address with new product launches in 2014. See “*Business—Business Operations—Mobile Telecommunications Offerings—Prepaid Offerings.*”

## Churn

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

	For the year ended December 31,			
	2012 (Three Months Rule)	2013 (Three Months Rule)	2013 (Twelve Months Rule)	2014 (Twelve Months Rule)
Blended churn rate <sup>(1)</sup> . . . . .	32.5%	34.5%	27.4%	24.5%

(1) Churn rates are calculated by dividing the number of disconnections of subscribers during the period by the average number of subscribers in the same period. The average number of subscribers does not include postpaid subscribers without an active contract and prepaid subscribers whose SIM card is connected to the network, but that have not had any chargeable outgoing traffic events (that is, voice, SMS, MMS or data) or that have received less than four incoming traffic chargeable events (excluding traffic initiated by us) within the preceding six months. We define “the average number of mobile subscribers in the period” as the average of each month’s average number of mobile subscribers calculated as the average of the total number of mobile subscribers at the beginning of the month and the total number of mobile subscribers at the end of the month.

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

On a Three Months Rule basis, our blended churn rate increased from 32.5% for the year ended December 31, 2012 to 34.5% for the year ended December 31, 2013. On a Twelve Months Rule basis, our blended churn rate decreased from 27.4% for the year ended December 31, 2013 to 24.5% for the year ended December 31, 2014. Our postpaid churn rate increased during the same period, which is mainly attributable to the implementation of our IT transformation during the course of 2014.



## ARPU

	For the year ended December 31,			
	2012 (Three Months Rule)	2013 (Three Months Rule)	2013 (Twelve Months Rule)	2014 (Twelve Months Rule)
	(CHF per month, except percentages)			
<b>Total ARPU<sup>(1)(3)</sup></b> . . . . .	<b>56.1</b>	<b>53.3</b>	<b>42.4</b>	<b>39.7</b>
Of which billed ARPU <sup>(2)(3)</sup> . . . . .	48.5	46.6	37.0	35.1
Increase/(decrease) in total ARPU from prior equivalent period . . . . .	1.2%	(4.9)%	—	(6.2)%
Increase/(decrease) in billed ARPU from prior equivalent period . . . . .	1.5%	(4.0)%	—	(5.3)%
Data ARPU as a percentage of total ARPU . . . . .	22.1%	26.4%	26.4%	30.5%

- (1) We define “total ARPU” as the total mobile ARPU revenue in a period divided by the average number of mobile subscribers in the period divided by the number of months in the period.
- (2) We define “billed ARPU” as the measure of the sum of the total mobile ARPU revenue excluding revenue from incoming traffic in a period divided by the average number of mobile subscribers in the period divided by the number of months in the period.
- (3) We define “the average number of mobile subscribers in the period” as the average of each month’s average number of mobile subscribers calculated as the average of the total number of mobile subscribers at the beginning of the month and the total number of mobile subscribers at the end of the month.

ARPU is driven primarily by prices for our services, traffic volume, data services utilization and revenue from access, backbone, interconnection and content costs for incoming calls. During the period under review, ARPU has been affected by a decrease in prices, the decrease in SMS volume and the impact of decreasing MTRs, which was partially offset by growth of revenue from data and mobile broadband services.

From September 19, 2014, when we introduced our “Hybrid” installment plans allowing customers to spread the payment of the unsubsidized portion of their handset over the duration of their contract through monthly installments, we have used the installment method of accounting for purposes of revenue recognition. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Income Statement Line Items—Revenue.*”

ARPU was CHF 39.7 per month for the year ended December 31, 2014, a decrease of 6.2% from ARPU of CHF 42.4 per month for the same period in 2013, due to the evolution of our product offerings towards all inclusive plans, leading to a decrease in the ARPU generated by out-of-bundle services invoiced to the customer, the planned MTR reduction, the continued decrease in SMS volume, one-off revenue losses due to the IT transformation and the impact of the change to installment accounting, all of which were partially compensated by a continued increase in the adoption of data bundles by customers. In order to mitigate this trend, new initiatives were launched in order to monetize data and generate additional revenue. Our ARPU of CHF 53.3 per month for the year ended December 31, 2013 represented a decrease of 4.9% from ARPU of CHF 56.1 per month for the year ended December 31, 2012, principally driven by a higher share of Orange Young, price reductions introduced in the second half of 2012 and first half of 2013 in the wake of Swisscom’s “Infinity” tariff launch, MTR reduction and the decrease in SMS volume and was partially offset by a continued increase in the adoption of data bundles.

ARPU for postpaid subscribers is generally significantly higher than for prepaid subscribers. As our strategy is currently to target more mass-market postpaid subscribers as well as prepaid subscribers, a potential shift in customer mix is expected to lead to a reduction in our blended mobile ARPU. In order to mitigate the impact of this reduction, we are implementing initiatives to encourage an increase in the take-up of data options, increased cross- and up-selling through telesales and encourage the migration of prepaid subscribers to postpaid subscriber plans.

Year-over-year, our residential postpaid subscriber billed ARPU is improving quarter after quarter from (3.7)% in the first quarter of 2014 to (3.4)% in the second quarter to (2.8)% in the third quarter and (0.8)% in the fourth quarter driven by (i) our refreshed Orange Me offering, (ii) the adoption of high-end data bricks, (iii) the uptake of roaming options and (iv) the implementation of new data up-sale functionality.

## Traffic Volume

The table below sets forth selected traffic data for our mobile business for the periods indicated.

	For the year ended December 31,			
	2012 (Three Months Rule)	2013 (Three Months Rule)	2013 (Twelve Months Rule)	2014 (Twelve Months Rule)
	(CHF per month, except percentages)			
Total voice traffic <sup>(1)</sup> . . . . .	3,814	3,646	3,646	3,506
Voice traffic change over prior equivalent period . . . . .	3.7%	(4.4)%	(4.4)%	(3.8)%
Data traffic change over prior equivalent period . . . . .	—	71.6%	71.6%	77.4%
SMS traffic <sup>(3)</sup> . . . . .	2,006	1,583	1,583	1,095
SMS traffic change over prior equivalent period . . . . .	3.6%	(21.1)%	(21.1)%	(30.8)%
AMOU <sup>(4)</sup> . . . . .	194	193	152	146
AMOU change over prior equivalent period . . . . .	6.5%	(0.6)%	—	(3.8)%

(1) In millions of outgoing minutes and incoming off-network minutes. Traffic volume for a given period measures the number of minutes of calls over our network for the period, including mobile-to-mobile, mobile-to-fixed, and fixed-to-mobile calls (national and international).

(2) In thousands of gigabytes.

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

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

## Access, Backbone, Interconnection and Content Costs

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

Access, backbone, interconnection and content costs are based on set MTRs. MTRs in Switzerland decreased significantly from 2012 to 2014, by 11% for Swisscom, Sunrise and us. This was due to negotiation among the three major Swiss operators in 2010 following guidance from ComCom in Switzerland, which advocates reductions in MTRs in order to decrease costs for consumers.

	From January 1, 2012 to June 30, 2013	From July 1, 2013 to June 30, 2014	From July 1, 2014 to June 30, 2015
	(CHF/minute)		
MTRs Swisscom . . . . .	0.0700	0.0665	0.0625
MTRs Orange Switzerland/Sunrise . . . . .	0.0875	0.0825	0.0775

Source: ComCom, OFCOM

The MTRs for 2014 for mobile voice agreed between us, Swisscom and Sunrise, for example, were approximately 11% lower than the MTRs applicable in 2012. We entered into a new agreement with Swisscom and Sunrise, which defines the level of the MTRs for 2014 until June 2015. At any time each party may ask ComCom to determine the MTRs based on the then applicable rules of the Swiss Telecommunications Act. In such case, ComCom could choose to determine MTRs in a way which would likely result in lower MTRs.

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

## **General Economic Conditions**

Following the recent financial and economic crisis, many European countries, including Switzerland, experienced an economic slowdown, which included a general contraction in consumer spending resulting from, among other factors, reduced consumer confidence, declining gross domestic product, increases in unemployment rates and uncertainty in the macroeconomic environment. The telecommunications sector in which we operate has been less cyclical than other sectors in the aftermath of the recent global financial and economic crisis. In addition, the Swiss economy also showed itself to be relatively resilient through the recent crisis as compared to other European economies. Recessionary conditions typically adversely impact consumer spending, including on telecommunications services and products, which in turn impacts our subscriber base and revenue. Consumers may spend less on an incremental basis, such as by placing fewer calls or migrate to cheaper price plans. Consumers may also delay the replacement of their existing handset (which reduces our retention costs).

Recently, the Swiss National Bank (*Schweizerische Nationalbank*) ceased its policy of capping the Swiss franc's value at CHF 1.20 per euro. The decision caused the value of the Swiss franc to appreciate considerably within a short period of time. Following the Swiss National Bank's decision, expectations for GDP growth in Switzerland have been negatively adjusted. Reduced travel to Switzerland, in particular as a result of the significant recent appreciation of the Swiss franc against the euro, also affects our roaming revenues. See "*Risk Factors—Risks Related to Our Market and Our Business—We operate primarily in the Swiss market and as a result our growth prospects depend on economic developments in Switzerland*" and "*Risk Factors—Risks Related to Our Market and Our Business—Continuing uncertainties and challenging conditions in the global economy may adversely impact our business, financial condition and results of operations.*"

## **Mobile Network Upgrade**

With the growing penetration of smartphones and the increasing demand in data services, upgrading and maintaining our network is key to the provision of our services to our customers. The perception of the network quality is an important factor for us to be able to retain our subscribers, therefore being a driver of our churn. The quality of our network represents a key element in our ability to attract new customers. The upgrade and maintenance of our network has a direct impact on the level of our expenses and the capital expenditures we incur each year. In accordance with our investment plan, in 2013, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements. This substantially improved the general network quality and the coverage, as well as provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability.

We launched our 4G offering on 1800 and 800 MHz spectrum in May 2013 and achieved average 4G network population coverage of over 70% within eight months. As of December 31, 2014, our 4G network population coverage exceeded 90% and the download speed increased to up to 150 Mbit/s. According to a 2013 study by Connect, more than 80% of our data sessions used 4G compared to 70% for our nearest competitor. As a result of this renewal project, the majority of our access equipment was replaced before the first quarter of 2013.

We are currently in the process of gradually upgrading our mobile network from 4G (LTE) to 4G+ (LTE advanced), which means that the mobile internet speed will increase from up to 150Mbit/s to up to 300 Mbit/s. See "*Liquidity and Capital Resources—Capital Expenditures and Investments.*"

## **IT Transformation**

In March 2014, we launched a significant IT transformation with a goal to improve the operating security, speed, function and cost of our business operations. We believe that the IT transformation, which has been substantially completed, will positively impact our revenues by improving our invoicing and collections practices and decreasing churn. We also expect that this new IT equipment and software will bring additional benefits in terms of lowering operating costs due to improved processes. Delays in implementing the IT transformation led to one-off costs in 2014. See "*Risk Factors—Risks Related to Our Market and Our Business—The delay in implementing our IT transformation may continue to have an adverse effect on our business.*"

## Key Income Statement Line Items

### Revenue

Revenue from our activities includes:

- mobile ARPU revenue, mainly consisting of revenue from voice (including incoming and outgoing calls), SMS and MMS, data services for handsets and mobile broadband services (wireless internet access through a laptop, tablet or dongle) and care products and services;
- other network revenue and mobile services, consisting of visitor roaming revenue, revenue from MVNO and other operating revenue. Visitor roaming revenue represents revenue received from our roaming partners for their customers' use of services on our network. Revenue from MVNOs is typically generated by charging the MVNOs fees related to their usage on our network;
- other operating revenue, mainly consisting of transit revenue (calls issued from another operator and which are destined to someone who is not our subscriber), income from administration and penalties and Citydisc margin sales, which we discontinued in March 2012;
- equipment revenue, which corresponds to the sale of handsets and subscriber acquisition and retention-related discounts; and
- fixed revenue, which has been marginal historically (see "*Business—Business Operations—Fixed Voice, Broadband Internet and TV Products*").

We updated our revenue recognition policy in connection with our complete IT transformation and the introduction of installment-based price plans on September 19, 2014. From that date, the sales of handsets through direct channels have been fully recognized at fair value as of the signature date of the related contracts, whereas they were previously recorded on a cash basis and, as a result, a higher portion of revenue was recognized as mobile ARPU revenue and spread over the duration of the contract. In 2014, this change resulted in a decrease in operating revenue of CHF 4.6 million, an increase in equipment revenue of CHF 37.8 million, leading to a net increase in total revenue of CHF 33.3 million and in an increase in Net Margin, Adjusted EBITDA and EBITDA of CHF 32.9 million. For additional information, see Note 2.5 to our audited consolidated financial statements for the year ended December 31, 2014.

### Operating Costs

Our operating costs include:

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

### Other Operating Income

Other operating income includes net foreign exchange gains and losses on trade payables and receivables and further operating income.

## Results of Operations

The table below shows MMH's consolidated results of operations for the years ended December 31, 2012, 2013 and 2014.

	Orange	MMH	Aggregate (Orange and MMH)	MMH	
	For the period from January 1 to February 29, 2012	For the period from March 1 to December 31, 2012	For the year ended December 31, 2012	For the year ended December 31, 2013	For the year ended December 31, 2014
	(CHF in thousands)				
<b>Revenue</b> . . . . .	<b>203,560</b>	<b>1,118,056</b>	<b>1,321,616</b>	<b>1,291,426</b>	<b>1,316,090</b>
Access, back bone, interconnection and content costs . . . . .	(35,664)	(184,261)	(219,925)	(204,979)	(189,135)
Commercial expenses and cost of equipment sold . . . . .	(58,138)	(354,412)	(412,550)	(387,929)	(410,698)
Network, IT, property expenses and other purchases . . . . .	(31,010)	(146,800)	(177,810)	(173,516)	(163,876)
Labor expenses . . . . .	(23,155)	(113,738)	(136,893)	(113,127)	(107,013)
Other operating expenses . . . . .	(4,773)	(16,788)	(21,561)	(33,325)	(31,149)
Other operating income . . . . .	7,951	4,065	12,016	9,936	18,515
Result on disposal and other gains . . . . .	10	122	132	13	844
Restructuring, transition and transaction costs . . . . .	(1,079)	(45,290)	(46,369)	(22,949)	(35,618)
Corporate and brand fees . . . . .	(4,991)	(18,897)	(23,888)	(21,410)	(19,617)
Depreciation, amortization and impairment . . . . .	(29,702)	(238,827)	(268,529)	(329,312)	(258,534)
<b>Operating profit / (loss)</b> . . . . .	<b>23,009</b>	<b>3,229</b>	<b>26,238</b>	<b>14,828</b>	<b>119,810</b>
Finance costs . . . . .	(2,373)	(102,619)	(104,992)	(99,214)	(114,475)
Finance income . . . . .	73	5,426	5,499	8,224	14,176
<b>Finance costs, net</b> . . . . .	<b>(2,300)</b>	<b>(97,193)</b>	<b>(99,493)</b>	<b>(90,990)</b>	<b>(100,299)</b>
Profit / (loss) before tax . . . . .	20,709	(93,965)	(73,256)	(76,163)	19,510
Income tax (expenses) / benefit . . . . .	(5,828)	(13,512)	(19,340)	17,850	(3,983)
<b>Profit / (loss)</b> . . . . .	<b>14,881</b>	<b>(107,477)</b>	<b>(92,596)</b>	<b>(58,313)</b>	<b>15,527</b>
Profit / (loss) attributable to equity owners . . . . .	14,881	(107,477)	(92,596)	(58,313)	15,527

### Year Ended December 31, 2014 as Compared to Year Ended December 31, 2013

#### Revenue

Our total revenue increased by CHF 24.7 million, or 1.9%, from CHF 1,291.4 million for the year ended December 31, 2013 to CHF 1,316.1 million for the year ended December 31, 2014. This increase in total revenue is primarily attributable to the increase in equipment revenue of CHF 74.4 million, partially offset by the decrease in mobile ARPU revenue of CHF 48.7 million.

	For the year ended December 31,				Change	
	2013	% of total revenue	2014	% of total revenue	Amount	%
	(CHF in thousands, except percentages)					
Mobile ARPU revenue . . . . .	1,072,992	83.1%	1,024,331	77.8%	(48,661)	(4.5)%
Other network revenue and mobile services . . . . .	109,146	8.5%	109,577	8.3%	430	0.4%
Equipment revenue . . . . .	103,468	8.0%	177,892	13.5%	74,424	71.9%
Fixed revenue . . . . .	5,819	0.5%	4,291	0.3%	(1,528)	(26.3)%
<b>Total revenue</b> . . . . .	<b>1,291,426</b>	<b>100.0%</b>	<b>1,316,090</b>	<b>100.0%</b>	<b>24,665</b>	<b>1.9%</b>



Mobile ARPU revenue was CHF 1,024.3 million for the year ended December 31, 2014, a decrease of CHF 48.7 million, or 4.5%, from CHF 1,073.0 million for the year ended December 31, 2013. This decrease was primarily attributable to a decrease in ARPU of 6.6% reflecting a decrease of CHF 39.8 million in mobile ARPU revenue, of which CHF 4.6 million was due to the impact of the change to installment accounting, and a decrease of CHF 13.5 million as a result of lower MTR and SMS volumes, partially offset by an increase of more than 20,000 subscribers, which accounted for CHF 4.6 million in mobile ARPU revenue.

Equipment revenue was CHF 177.9 million for the year ended December 31, 2014, an increase of CHF 74.4 million, or 71.9%, from CHF 103.5 million for the year ended December 31, 2013. This increase was due to an increase in equipment trading activities (CHF 9.6 million) and an increase with respect to the unitary price of handsets across devices (CHF 27.0 million) in addition to the impact of the change to installment accounting (CHF 37.8 million).

Other network revenue and mobile services were CHF 109.6 million for the year ended December 31, 2014, an increase of CHF 0.4 million, or 0.4%, from CHF 109.1 million for the year ended December 31, 2013. This increase in other network revenue and mobile services was mainly due to the increase in MVNO revenue and transit revenue partially offset by the inability to charge collection fees for seven months due to a delay in implementing the IT transformation. Fixed revenue totaled CHF 4.3 million for the year ended December 31, 2014, a decrease of 26.3% from CHF 5.8 million for the year ended December 31, 2013 due to the closing of fixed activities in the consumer segment mid-2013.

The table below sets out our mobile ARPU revenue by subscriber segments for the periods indicated.

	For the year ended December 31,				Change	
	2013	% of mobile ARPU revenue	2014	% of mobile ARPU revenue	Amount	%
(CHF in thousands, except percentages)						
Postpaid subscribers revenue . . . . .	995,056	92.7%	960,843	93.8%	(34,214)	(3.4)%
Prepaid subscribers revenue . . . . .	77,936	7.3%	63,489	6.2%	(14,447)	(18.5)%
<b>Total mobile ARPU revenue . . . . .</b>	<b>1,072,992</b>	<b>100.0%</b>	<b>1,024,331</b>	<b>100.0%</b>	<b>(48,661)</b>	<b>(4.5)%</b>

The table below sets forth a breakdown of our mobile ARPU revenue by type of service.

	For the year ended December 31,	
	2013 (Twelve Months Rule)	2014 (Twelve Months Rule)
(CHF in thousands, except percentages)		
<b>Total mobile ARPU revenue . . . . .</b>	<b>1,072,992</b>	<b>1,024,331</b>
Data ARPU as a percentage of total ARPU . . . . .	26.4%	30.5%

#### *Access, Backbone, Interconnection and Content Costs*

Access, backbone, interconnection and content costs were CHF 189.1 million for the year ended December 31, 2014, a decrease of CHF 15.8 million, or 7.7%, from CHF 205.0 million for the year ended December 31, 2013. The decrease was due to the decrease in SMS volume and the new MTR agreements (implemented in July 2013 and 2014).

#### *Commercial Expenses and Cost of Equipment Sold*

Commercial expenses and cost of equipment sold were CHF 410.7 million for the year ended December 31, 2014, an increase of CHF 22.8 million, or 5.9 %, from CHF 387.9 million for the year ended December 31, 2013. The increase in commercial expenses and cost of equipment sold was primarily attributable to an increase in the average unitary cost of devices.

#### *Network, IT, Property Expenses and Other Purchases*

Network, IT, property expenses and other purchases were CHF 163.9 million for the year ended December 31, 2014, a decrease of CHF 9.6 million, or 5.6%, from CHF 173.5 million for the year ended December 31, 2013. The decrease principally reflected the savings in IT operational expenditures as a result of our IT transformation.

### *Labor Expenses*

Labor expenses were CHF 107.0 million for the year ended December 31, 2014, a decrease of CHF 6.1 million, or 5.4%, from CHF 113.1 million for the year ended December 31, 2013. The decrease in labor expenses was primarily attributable to the full year impact of the IT transformation announced in February 2013, which involved reducing our workforce by a total of 122 full-time employees, of which 89 full-time employee contracts were terminated between March 2013 and June 2013 and a further 33 full-time employee contracts were terminated in November 2013. The reduction in labor expenses is also attributable to continued initiatives implemented in 2014 to increase efficiency.

### *Other Operating Expenses*

Other operating expenses were CHF 31.1 million for the year ended December 31, 2014, a decrease of CHF 2.2 million, or 6.5%, from CHF 33.3 million for the year ended December 31, 2013. This decrease was primarily attributable to a CHF 2.2 million decrease in foreign exchange losses on the euro-denominated Existing Notes.

### *Other Operating Income*

Other operating income was CHF 18.5 million for the year ended December 31, 2014, an increase of CHF 8.6 million, or 86.3%, from CHF 9.9 million for the year ended December 31, 2013. This increase was attributable to various non-operating gains.

### *Restructuring, Transition and Transaction Costs*

Restructuring, transition and transaction costs were CHF 35.6 million for the year ended December 31, 2014, an increase of CHF 12.7 million, or 55.2%, from CHF 22.9 million for the year ended December 31, 2013. This increase was primarily attributable to the incurrence of (i) higher non-recurring costs related to the IT transformation (an increase of CHF 20.9 million) and (ii) rebranding costs in 2014 (CHF 4.9 million), partially offset by lower restructuring costs (a decrease of CHF 12.6 million) due to a decrease in the amount payable under severance packages as compared to 2013.

### *Corporate and Brand Fees*

Corporate and brand fees were CHF 19.6 million for the year ended December 31, 2014, a decrease of CHF 1.8 million, or 8.4%, from CHF 21.4 million for the year ended December 31, 2013. The decrease in corporate and brand fees was predominantly due to the decrease in brand fees of CHF 1.3 million and the decrease in management fees paid to Apax of CHF 0.5 million.

### *Depreciation, Amortization and Impairment*

Depreciation, amortization and impairment losses were CHF 258.5 million for the year ended December 31, 2014, a decrease of CHF 70.8 million, or 21.5%, from CHF 329.3 million for the year ended December 31, 2013. The decrease in depreciation, amortization and impairment losses was primarily attributable to impairment losses of our intangible assets of CHF 58.7 million in 2013, which mainly resulted from the disposal of obsolete equipment in connection with our IT transformation.

### *Operating Profit / (Loss)*

As a result of the foregoing factors, our operating income was CHF 119.8 million for the year ended December 31, 2014 and CHF 14.8 million for the year ended December 31, 2013, representing operating margins of 9.1% and 1.1%, respectively. This increase was primarily attributable to the one-off impairment losses of our IT systems in 2013 and the impact of the change to installment accounting and the continued initiatives implemented in 2014 to increase efficiency.

### *Finance Costs*

Finance costs were CHF 114.5 million for the year ended December 31, 2014, an increase of CHF 15.3 million, or 15.4%, from CHF 99.2 million for the year ended December 31, 2013. The increase in finance costs was primarily attributable to CHF 22.7 million foreign exchange losses on financial assets and liabilities and derivatives under our hedging agreements with respect to the euro-denominated Existing Notes partially offset by the impact of early repayment of CHF 60.0 million in principal amount of the Existing CHF Floating Rate Senior Secured Notes in 2013.

## Finance Income

Finance income was CHF 14.2 million for the year ended December 31, 2014, an increase of CHF 6.0 million, or 72.4%, from CHF 8.2 million for the year ended December 31, 2013. The increase in finance income was primarily attributable to an increase in foreign exchange income on financial assets and liabilities and derivatives under our hedging agreements with respect to the euro-denominated Existing Notes.

## Income Tax (Expenses) / Benefit

The following table sets forth our income tax expense for the year ended December 31, 2013 as compared to the year ended December 31, 2014.

	For the year ended December 31,		Change	
	2013	2014	Amount	%
	(CHF in thousands, except percentages)			
Current tax expense in respect of the current year . . . . .	(241)	(169)	72	29.9%
Deferred tax income / (expense) . . . . .	18,091	(3,814)	(21,905)	(121.1)%
<b>Total income tax . . . . .</b>	<b>17,850</b>	<b>(3,983)</b>	<b>(21,833)</b>	<b>(122.3)%</b>

Income tax decreased by CHF 21.8 million from a surplus of CHF 17.9 million for the year ended December 31, 2013 to an expense of CHF 4.0 million for the year ended December 31, 2014, mainly due to a decrease in deferred tax expenses.

## Year Ended December 31, 2013 as Compared to Year Ended December 31, 2012

### Revenue

Our total revenue was CHF 1,291.4 million for the year ended December 31, 2013, a decrease of CHF 30.2 million, or 2.3%, from CHF 1,321.6 million for the year ended December 31, 2012. This decrease was mainly due to a decrease in mobile ARPU revenue and equipment revenue, partially offset by an increase in other network revenue and mobile services.

	For the year ended December 31,				Change	
	2012	% of total revenue	2013	% of total revenue	Amount	%
	(CHF in thousands, except percentages)					
Mobile ARPU revenue . . . . .	1,103,399	83.5%	1,072,992	83.1%	(30,407)	(2.8)%
Other network revenue and mobile services . . . . .	93,929	7.1%	109,146	8.5%	15,217	16.2%
Equipment revenue . . . . .	116,767	8.8%	103,468	8.0%	(13,299)	(11.4)%
Fixed revenue . . . . .	7,521	0.6%	5,819	0.5%	(1,702)	(22.6)%
<b>Total revenue . . . . .</b>	<b>1,321,616</b>	<b>100.0%</b>	<b>1,291,426</b>	<b>100.0%</b>	<b>(30,191)</b>	<b>(2.3)%</b>

Mobile ARPU revenue was CHF 1,073.0 million for the year ended December 31, 2013, a decrease of CHF 30.4 million, or 2.8%, from CHF 1,103.4 million for the year ended December 31, 2012. This decrease was primarily attributable to a decrease in ARPU, partially offset by an increase in the mobile subscriber base.

Equipment revenue was CHF 103.5 million for the year ended December 31, 2013, a decrease of CHF 13.3 million, or 11.4%, from CHF 116.8 million for the year ended December 31, 2012. This decrease was primarily attributable to the introduction of fewer new handsets as compared to previous years.

Other network revenue and mobile services were CHF 109.1 million for the year ended December 31, 2013, an increase of CHF 15.2 million, or 16.2%, from CHF 93.9 million for the year ended December 31, 2012. This increase was primarily due to additional operating services billed to customers in 2013.

The table below sets out our mobile ARPU revenue from subscriber segments for the periods indicated.

	For the year ended December 31,				Change	
	2012	% of mobile ARPU revenue	2013	% of mobile ARPU revenue	Amount	%
(CHF in thousands, except percentages)						
Postpaid subscribers revenue . . . . .	1,009,369	91.5%	995,056	92.7%	(14,313)	(1.4)%
Prepaid subscribers revenue . . . . .	94,030	8.5%	77,936	7.3%	(16,094)	(17.1)%
<b>Total mobile ARPU revenue . . . . .</b>	<b>1,103,399</b>	<b>100.0%</b>	<b>1,072,992</b>	<b>100.0%</b>	<b>(30,407)</b>	<b>(2.8)%</b>

The table below sets forth a breakdown of our mobile ARPU revenue by type of service.

	For the year ended December 31,	
	2012 (Three Months Rule)	2013 (Three Months Rule)
(CHF in thousands, except percentages)		
<b>Total mobile ARPU revenue . . . . .</b>	<b>1,103,399</b>	<b>1,072,992</b>
Data ARPU as a percentage of total ARPU . . . . .	22.1%	26.4%

#### *Access, Backbone, Interconnection and Content Costs*

Access, backbone, interconnection and content costs were CHF 205.0 million for the year ended December 31, 2013, a decrease of CHF 14.9 million, or 6.8%, from CHF 219.9 million for the year ended December 31, 2012. This decrease was due to the decrease in SMS traffic and the MTR decrease in June 2013 as interconnection costs are driven by traffic and MTRs.

#### *Commercial Expenses and Cost of Equipment Sold*

Commercial expenses and cost of equipment sold were CHF 387.9 million for the year ended December 31, 2013, a decrease of CHF 24.6 million, or 6.0%, from CHF 412.6 million for the year ended December 31, 2012. The decrease was mainly due to slower commercial activity partially offset by higher advertising expenses due to the launch of the “Revolution” price plans and the “Du Kannst” campaign in 2013.

#### *Network, IT, Property Expenses and Other Purchases*

Network, IT, property expenses and other purchases were CHF 173.5 million for the year ended December 31, 2013, a decrease of CHF 4.3 million, or 2.4%, from CHF 177.8 million for the year ended December 31, 2012. The decrease was mainly due to procurement savings partially offset by higher network expenses driven by the increasing number of sites in connection with our 4G network roll-out in 2013.

#### *Labor Expenses*

Labor expenses were CHF 113.1 million for the year ended December 31, 2013, a decrease of CHF 23.8 million, or 17.4%, from CHF 136.9 million for the year ended December 31, 2012. The decrease in labor expenses was primarily attributable to the full year impact of the IT transformation announced in February 2013, which involved reducing our workforce by a total of 122 full-time employees, of which 89 full-time employee contracts were terminated between March 2013 and June 2013 and a further 33 full-time employee contracts were terminated in November 2013. In addition, the reduction in labor expenses is also attributable to continued initiatives implemented to increase efficiency.

#### *Other Operating Expenses*

Other operating expenses were CHF 33.3 million for the year ended December 31, 2013, an increase of CHF 11.8 million, or 54.6%, from CHF 21.6 million for the year ended December 31, 2012. This increase was attributable to a CHF 6.7 million higher bad debt cost and CHF 6.6 million in higher foreign exchange losses on trade payables denominated in euros.

### *Other Operating Income*

Other operating income was CHF 9.9 million for the year ended December 31, 2013, a decrease of CHF 2.1 million, or 17.3%, from CHF 12.0 million for the year ended December 31, 2012.

### *Restructuring, Transition and Transaction Costs*

Restructuring, transition and transaction costs were CHF 22.9 million for the year ended December 31, 2013, a decrease of CHF 23.4 million, or 50.5%, from CHF 46.4 million for the year ended December 31, 2012. This decrease was primarily attributable to a decrease in transaction costs of CHF 38.7 million that we incurred in 2012 in connection with our acquisition by Apax partially offset by higher restructuring costs (an increase of CHF 8.3 million) and the non-recurring costs related to the IT transformation of CHF 6.2 million in 2013.

### *Corporate and Brand Fees*

Corporate and brand fees were CHF 21.4 million for the year ended December 31, 2013, a decrease of CHF 2.5 million, or 10.4%, from CHF 23.9 million for the year ended December 31, 2012. The decrease in corporate and brand fees was predominantly due to the discontinuation of corporate fees of CHF 3.1 million, which we paid to France Telecom in 2012.

### *Depreciation, Amortization and Impairment*

Depreciation, amortization and impairment losses were CHF 329.3 million for the year ended December 31, 2013, an increase of CHF 60.8 million, or 22.6%, from CHF 268.5 million for the year ended December 31, 2012. The increase in depreciation, amortization and impairment losses was primarily attributable to the impairment of our previous IT systems of CHF 58.7 million in 2013.

### *Operating Profit / (Loss)*

As a result of the foregoing factors, our operating income was CHF 14.8 million for the year ended December 31, 2013 and CHF 26.2 million for the year ended December 31, 2012, representing operating margins of 1.1% and 2.0%, respectively. This decrease was primarily attributable to an increase in depreciation, amortization and impairment losses.

### *Finance Costs*

Finance costs were CHF 99.2 million for the year ended December 31, 2013, a decrease of CHF 5.8 million, or 5.5%, from CHF 105.0 million for the year ended December 31, 2012. The decrease in finance costs was primarily attributable to CHF 16.0 million in termination costs of a previous loan in 2012 and an increase of CHF 3.1 million between 2012 and 2013 in foreign exchange gain on derivatives partially offset by full-year interest effects on the Existing Senior Secured Notes issued in February 2012 of CHF 11.8 million.

### *Finance Income*

Finance income was CHF 8.2 million for the year ended December 31, 2013, an increase of CHF 2.7 million, or 49.5%, from CHF 5.5 million for the year ended December 31, 2012.

### *Income Tax (Expenses) / Benefit*

The following table sets forth our income tax expense for the year ended December 31, 2012 as compared to the year ended December 31, 2013.

	For the year ended December 31,		Change	
	2012	2013	Amount	%
(CHF in thousands, except percentages)				
Current tax expense in respect of the current year . . . . .	(705)	(241)	464	65.8%
Deferred tax income / (expense) . . . . .	(18,635)	18,091	36,726	197.1%
<b>Total income tax . . . . .</b>	<b>(19,340)</b>	<b>17,850</b>	<b>37,190</b>	<b>192.3%</b>



Income tax increased by CHF 37.2 million, from an expense of CHF (19.3) million for the year ended December 31, 2012 to a tax benefit of CHF 17.9 million for the year ended December 31, 2013, mainly due to (i) the amortization of a deferred tax assessment over five years from 2008 to 2012, which generated a loss of CHF 25.3 million in 2012 (fully amortized at the end of 2012) and (ii) a higher reversal of the purchase price allocation deferred tax liability in 2013 of CHF 7.0 million due to the fact that such deferred tax liability was only amortized for ten months in 2012 (from the date we were acquired by Apax), whereas it was amortized for the full twelve months in 2013.

## **Liquidity and Capital Resources**

### ***Sources of Liquidity for the Group***

Following the Refinancing Transactions, our principal source of liquidity is expected to be our operating cash flows, which are described below. Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent on general economic, financial, competitive, market, regulatory and other factors, including those discussed under “*Risk Factors*,” many of which are beyond our control.

We currently have a Revolving Credit Facility in the amount of CHF 100 million, which will be increased to CHF 150 million on or about the Issue Date as part of the Refinancing Transactions. As of the date of this Offering Memorandum, we had no outstanding borrowings under the Revolving Credit Facility. In addition, as of December 31, 2014, we had cash and cash equivalents of CHF 115.7 million. See “*Description of Certain Financing Arrangements—Revolving Credit Facility*.”

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

We believe that the potential risks to our liquidity include:

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

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

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

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

Each Issuer is a holding company with no independent business operations or significant assets other than investments in its respective subsidiaries. Each Issuer depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations. We intend to provide funds to the Issuers in order to meet the obligations on the Notes through a combination of dividends and other intercompany loans. Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments. In particular, the ability of the Company to pay dividends to the Issuers will generally be limited to the amount of distributable reserves available at the Company.

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

## Cash Flows

The table below sets out certain information related to our cash flows.

### Consolidated Statement of Cash Flows

	Orange	MMH	Aggregate (Orange and MMH)	MMH	
	For the period from January 1 to February 29,	For the period from March 1 to December 31,	For the year ended December 31,	For the year ended December 31,	For the year ended December 31,
	2012	2012	2012	2013	2014
	(CHF in thousands)				
<b>Profit / (loss)</b>	14,881	(107,477)	(92,596)	(58,313)	15,527
Adjustments to reconcile profit / (loss) to funds generated from operations					
Depreciation, amortization and impairment	29,702	238,827	268,529	329,312	258,534
Result on disposal of PPE	(10)	(122)	(132)	(13)	(844)
Change in other provisions	1,676	3,352	5,028	(133)	(3,195)
Income tax recognized in the income statement	5,828	13,512	19,340	(17,850)	3,983
Interest income and expense, net	2,332	101,334	103,666	99,028	91,389
Foreign exchange gains and losses, net and derivatives	292	(5,576)	(5,284)	(8,038)	8,910
Change in inventories, trade receivables and trade payables					
Decrease / (increase) in inventories	2,903	6,197	9,100	(2,936)	4,047
Decrease / (increase) in trade receivables	(15,053)	(1,837)	(16,889)	23,171	(57,315)
Increase / (decrease) in trade payables	24,581	35,987	60,568	(5,211)	(94,331)
Other changes in working capital requirements					
Decrease / (increase) in other receivables and payables	(39,560)	24,567	(14,993)	806	(5,347)
Other items					
Income tax paid	(67)	(638)	(705)	(241)	(169)
Decrease / (increase) in deposits	13	(508)	(495)	(800)	165
<b>Net cash provided by operating activities</b>	<b>27,518</b>	<b>307,620</b>	<b>335,138</b>	<b>358,783</b>	<b>221,356</b>
<b>Purchases/sales of property, plant and equipment and intangible assets:</b>					
Purchases of property, plant and equipment and intangible assets	(31,088)	(218,612)	(249,699)	(157,569)	(160,154)
Proceeds from sales of property, plant and equipment and intangible assets	225	27,276	27,500	13	844
Purchase of interests in subsidiaries, net of cash acquired	—	(1,317,286)	(1,317,286)	—	—
<b>Net cash used in investing activities</b>	<b>(30,863)</b>	<b>(1,508,622)</b>	<b>(1,539,485)</b>	<b>(157,556)</b>	<b>(159,310)</b>
Issuance					
Bonds	—	1,301,913	1,301,913	—	—
Bond issuance costs	—	(36,547)	(36,547)	—	—
Term loan A	—	102,197	102,197	—	—
Term loan A issuance costs	—	(15,970)	(15,970)	—	—
Long-term debt	89	—	89	—	—
Interest income received	73	146	219	186	364
<b>Redemptions and repayments</b>					
Bonds (Principal)	—	—	—	(60,000)	—
Early Redemption Fees	—	—	—	(1,200)	—
Term loan A	—	(102,197)	(102,197)	—	—
Repayment France Telecom loan	(408,562)	(508,438)	(917,000)	—	—
Long-term debt	—	(136)	(136)	(33,737)	30,414
Interest paid, net effect of interest rate on derivatives and net FX impacts on bonds and derivatives	(5,102)	(60,728)	(65,830)	(81,226)	(82,910)
<b>Other changes</b>					
Equity contribution from APEM	—	738,306	738,306	—	—
Share premium increase/(decrease)	—	1,240	1,240	750	(56,279)
Repayment of share premium	—	(91,800)	(91,800)	—	—
<b>Net cash provided by / (used in) financing activities</b>	<b>(413,502)</b>	<b>1,327,988</b>	<b>914,486</b>	<b>(175,227)</b>	<b>(108,411)</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>429,500</b>	<b>12,710</b>	<b>429,500</b>	<b>139,691</b>	<b>164,972</b>
Effects of FX rate on change in cash and cash equivalents	(22)	(4)	(27)	(41)	(2,932)
Other	—	—	—	(679)	—
Net change in cash and cash equivalents	(416,847)	126,985	(289,861)	26,000	(46,365)
<b>Cash and cash equivalents at the end of period</b>	<b>12,631</b>	<b>139,691</b>	<b>139,691</b>	<b>164,972</b>	<b>115,674</b>

### *Net Cash Flow from Operating Activities*

In this discussion:

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

Net cash provided by operating activities for the year ended December 31, 2014 was CHF 221.4 million. Our net cash provided by operating activities for the year ended December 31, 2014 was mainly generated from net income of CHF 15.5 million, adjusted to remove the non-cash effects of depreciation, amortization and impairment of CHF 258.5 million. Net working capital increased by CHF 152.9 million for the year ended December 31, 2014. This change reflects (i) an increase in trade receivables mainly due to the change to installment accounting of CHF 32.9 million, payment deferral related offers of CHF 33.1 million, delays incurred in billing and collection stemming from our IT transformation, which led to a temporarily inflated trade receivables balance of CHF 27.9 million, and (ii) a decrease in trade payables driven by the payment of the 2012-2013 brand fees of CHF 32.0 million and lower net IOT discounts (following transferred accounts procedure (“TAP”) implementations) of CHF 25.2 million.

Net cash provided by operating activities for the year ended December 31, 2013 was CHF 358.8 million. Our net cash provided by operating activities for the year ended December 31, 2013 was generated from net loss of CHF 58.3 million, adjusted to remove the non-cash effects of depreciation and amortization of CHF 329.3 million. Net working capital decreased by 15.8 million for the year ended December 31, 2013. This change in working capital was mostly driven by an increase in trade payables, IOT discounts and roaming fees of CHF 19.1 million, driven by brand fees and external services, partly offset by a decrease in IOT and interconnect payables due to lower traffic.

Net cash provided by operating activities for the year ended December 31, 2012 was CHF 335.1 million, reflecting our net loss of CHF 92.6 million adjusted to remove the non-cash effects of depreciation and amortization of CHF 268.5 million and the interest income and expense of CHF 103.7 million. Net working capital decreased by CHF 37.8 million for the year ended December 31, 2012. This decrease in net working capital was mostly driven by an increase in IOT discounts payables, due to an increased demand for data services.

### *Net Cash Flow Used in Investing Activities*

Net cash used in investing activities was CHF 159.3 million for the year ended December 31, 2014. Net cash used in investing activities during the year ended December 31, 2014 consisted of capital expenditures of CHF 160.2 million mainly related to network capital expenditures for the further expansion of our mobile phone network and its modernization to 4G/LTE (CHF 131.3 million) and IT capital expenditures (CHF 14.5 million).

Net cash used in investing activities was CHF 157.6 million for the year ended December 31, 2013. Net cash used in investing activities during the year ended December 31, 2013, consisted of capital expenditures of CHF 157.6 million mainly related to network capital expenditures for the further expansion of our mobile phone network and its modernization to 4G/LTE (CHF 121.9 million) and IT capital expenditures (CHF 34.6 million).

Net cash used in investing activities was CHF 1,539.5 million for the year ended December 30, 2012. Net cash used in investing activities during the year ended December 31, 2012 consisted of CHF 1,317.3 million paid in connection with our acquisition by Apax. In addition, net cash used in investing activities consisted of capital expenditures of CHF 298.0 million including spectrum license expenditures (reflecting 60% of total cost, amounting to CHF 92.8 million, which was paid on July 24, 2012), the change in fixed assets payables of (CHF 48.3 million) that was due to the deferred portion of the purchase price of our spectrum license, network capital expenditures for our RAN renewal plan (CHF 101.0 million) and IT capital expenditures (CHF 33.6 million). Net cash flow used in investing activities also reflects the CHF 27.1 million of proceeds from the sale-leaseback of our Biel office. See “—Capital Expenditures and Investments.”

### Net Cash Flow Used in Financing Activities

Net cash used in financing activities was CHF 108.4 million for the year ended December 31, 2014, mainly consisting of a cash outflow of CHF 82.9 million as a result of interest paid with respect to the Existing Notes and net effect of interest rates on derivatives and net FX impacts on bonds and derivatives and a share premium decrease of CHF 56.3 million, partially offset by the reimbursement (cash-in) of an intercompany loan in an amount of CHF 30.4 million

Net cash used in financing activities was CHF 175.2 million for the year ended December 31, 2013. Net cash used in financing activities during the year ended December 31, 2013, consisted of a cash outflow of CHF 81.2 million as a result of interest paid with respect to the Existing Notes and net effect of interest rates on derivatives and net FX impacts on bonds and derivatives, the redemption of CHF 60.0 million aggregate principal amount of our CHF-denominated Floating Rate Senior Secured Note due 2019 and the repayment (cash-out) of an intercompany loan in an amount of CHF 33.7 million

Net cash used in financing activities was CHF 914.5 million for the year ended December 31, 2012, mainly reflecting the issuance of the Existing Senior Secured Notes, the Existing Senior Notes and the Existing Senior Unsecured Notes and the initial equity contribution of CHF 738.3 million in connection with our acquisition by Apax partially offset by the payment of share premium of CHF 91.8 million in September 2012 and by the repayment of the FT shareholder's loan of CHF 917.0 million.

### Certain Other Contractual Commitments

The following table summarizes our off-balance sheet contractual commitments likely to have a material effect on our current or future financial position as of December 31, 2014, excluding the contractual obligations set forth under "Description of Certain Financing Arrangements" and the Existing Notes which will be redeemed in full as part of the Refinancing Transactions.

<b>Payments due by period<sup>(1)</sup></b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>	<b>4-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<b>(CHF in thousands)</b>							
Rental commitments <sup>(2)</sup> . . . . .	54,554	42,865	26,542	21,139	11,741	18,949	175,790
Purchase commitments <sup>(3)</sup> . . . . .	102,491	—	—	—	—	—	102,491
Capex commitments <sup>(4)</sup> . . . . .	70,691	—	—	—	—	—	70,691
<b>Total contractual obligations</b> . .	<b>227,736</b>	<b>42,865</b>	<b>26,542</b>	<b>21,139</b>	<b>11,741</b>	<b>18,949</b>	<b>348,972</b>

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

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

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

(4) Capex commitments mainly relate to network services, particularly the capitalized part of the costs related to the engineering, network and operational services provided by Alcatel-Lucent and network development.

### Capital Expenditures and Investments

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

	<b>For the year ended December 31,</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>(CHF in thousands)</b>			
Property, plant and equipment . . . . .	107,518	123,241	135,103
Intangible assets . . . . .	35,760	47,509	23,011
<b>Total capital expenditure (excluding spectrum license)</b> . . . . .	<b>143,278</b>	<b>170,751</b>	<b>158,114</b>
Spectrum license . . . . .	154,702	—	—
<b>Total capital expenditure</b> . . . . .	<b>297,980</b>	<b>170,751</b>	<b>158,114</b>

For the year ended December 31, 2014, our capital expenditures amounted to CHF 158.1 million, of which CHF 135.1 million related to property, plant and equipment and CHF 23.0 million related to intangible assets. Of this CHF 158.1 million, CHF 126.9 million related to network capital expenditure, CHF 20.4 million to IT capital expenditure and CHF 10.9 million to other capital expenditures.

For the year ended December 31, 2013, our capital expenditures amounted to CHF 170.8 million, of which CHF 123.2 million related to property, plant and equipment and CHF 47.5 million related to intangible assets. Of this CHF 170.8 million, CHF 118.3 million related to network capital expenditure, CHF 38.8 million to IT capital expenditure and CHF 13.6 million to other capital expenditures.

For the year ended December 31, 2012, our capital expenditures amounted to CHF 298.0 million, of which CHF 154.7 million related to the spectrum license, CHF 107.5 million related to property, plant and equipment and CHF 35.8 million related to intangible assets. Of this CHF 298.0 million, CHF 154.7 million related to the spectrum license, CHF 95.5 million related to network capital expenditure, CHF 40.0 million to IT capital expenditure and CHF 7.8 million to other capital expenditures.

## **Quantitative and Qualitative Disclosures about Market Risk**

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

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

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

### ***Interest Rate Risk Management***

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

We are exposed to market risks as a result of changes in interest rates, particularly in relation to floating-rate indebtedness, including borrowings under the Revolving Credit Facility and indebtedness under the Floating Rate Senior Secured Notes offered hereby. Financial liabilities issued at floating rates will expose us to cash-flow interest rate risk, while financial liabilities issued at fixed rates expose us to fair value interest rate risk. To manage the exposure to changes in interest rates under our current floating-rate indebtedness and future floating-rate indebtedness to be incurred in connection with the Refinancing Transactions and to lower the overall costs of financing, we have used and generally expect to continue to use interest rate swaps to exchange the interest rate exposure on a portion of the indebtedness outstanding under the Floating Rate Senior Secured Notes offered hereby from a floating interest rate to a fixed interest rate. In connection with the Refinancing Transactions, we will terminate or amend our existing hedging obligations and enter into certain hedging agreements to fix a portion of our interest rates with respect to the Floating Rate Senior Secured Notes offered hereby. See “*Risk Factors—Risks Related to the Collateral—The Revolving Credit Facility and certain hedging obligations are entitled to be repaid with the proceeds of the collateral securing the Senior Secured Notes in priority to the Senior Secured Notes.*”

### ***Foreign Exchange Rate Risk Management***

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

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

To manage our exchange rate exposure in respect of the Revolving Credit Facility, we have entered into and expect to generally continue to enter into, and in respect of the euro-denominated Notes offered hereby we



intend to enter into and expect to generally continue to enter into, hedging foreign exchange transactions to effectively exchange a portion of our payment obligations for interest, principal, amortization and premium, if any, of such indebtedness from euros to Swiss Francs. We believe such foreign exchange hedging transactions will enable us to match the currency of our interest expense to the currency of our revenue more accurately.

### ***Credit Risk Management***

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

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

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

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

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

The following table provides the aging analysis of billed trade receivables as of December 31, 2012, 2013 and 2014.

	<b>At December 31,</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>Gross Amount</b>		
	<b>(CHF in thousands)</b>		
Gross trade receivables past due:			
under 60 days .....	22,454	53,620	70,979
60-120 days .....	4,424	5,612	24,460
over 120 days .....	3,376	3,367	36,057
<b>Total gross trade receivables past due .....</b>	<b>30,254</b>	<b>62,598</b>	<b>131,496</b>
Trade receivables not past due .....	291,979	235,805	257,573
<b>Total gross trade receivables .....</b>	<b>322,233</b>	<b>298,403</b>	<b>389,069</b>
Provision for doubtful debts .....	(4,093)	(3,434)	(36,784)
<b>Net trade receivables .....</b>	<b>318,140</b>	<b>294,969</b>	<b>352,284</b>

The increase in total gross trade receivables past due in the year ended December 31, 2014 is attributable to collection delays following our IT transformation.

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

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

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

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

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

### ***Liquidity Risk***

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

### **Capitalization of the Senior Notes Issuer**

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

- MMH, our predecessor company, on a historical basis as of December 31, 2014;
- Matterhorn Midco, direct parent company of MMH and issuer of the Existing Senior Unsecured Notes, on a historical basis as of December 31, 2014;
- Matterhorn Financing, parent company of Matterhorn Midco and issuer of the Existing PIK Notes, on a historical basis as of December 31, 2014;
- Matterhorn Financing on an aggregated basis as of December 31, 2014; and
- the Senior Notes Issuer as adjusted to give effect to the Acquisition, the Corporate Recapitalization and the Refinancing Transactions as described in “*Use of Proceeds*” as of December 31, 2014.

You should read this table in conjunction with “*Summary—Recent Developments—The Acquisition*,” “*Summary Capitalization*,” “*Use of Proceeds*,” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*,” “*Description of Certain Financing Arrangements*,” “*Description of the Senior Secured Notes*,” “*Description of the Senior Notes*” and our consolidated financial statements and the accompanying notes of MMH appearing elsewhere in this Offering Memorandum.

As of December 31, 2014

	MMH Actual Consolidated	Matterhorn Midco Actual	Matterhorn Financing Actual	Elimination Entries <sup>(1)</sup>	Matterhorn Financing Actual Aggregated	Adjustments <sup>(2)(3)</sup>	Senior Notes Issuer As Adjusted
				(CHF in millions)			
<b>Cash and cash equivalents</b> . . . . .	<b>116</b>	<b>0</b>	<b>1</b>	<b>—</b>	<b>117</b>	<b>(22)<sup>(4)</sup></b>	<b>95</b>
Revolving Credit Facility <sup>(5)</sup> . . . . .	—	—	—	—	—	—	—
Existing Fixed Rate Senior Secured Notes . . . . .	450	—	—	—	450	(450)	—
Existing Euro Floating Rate Senior Secured Notes . . . . .	397	—	—	—	397	(397)	—
Existing CHF Floating Rate Senior Secured Notes . . . . .	120	—	—	—	120	(120)	—
Senior Secured Notes offered hereby <sup>(6)</sup> . . . . .	—	—	—	—	—	1,758	1,758
<b>Total senior secured debt</b> . . . . .	<b>967</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>967</b>	<b>791</b>	<b>1,758</b>
Senior Notes offered hereby <sup>(6)</sup> . . . . .	—	—	—	—	—	259	259
Existing Senior Notes . . . . .	271	—	—	—	271	(271)	—
Existing Senior Unsecured Notes . . . . .	—	186	—	—	186	(186)	—
Existing PIK Notes . . . . .	—	—	301	—	301	(301)	—
<b>Total debt</b> . . . . .	<b>1,237</b>	<b>186</b>	<b>301</b>	<b>—</b>	<b>1,724</b>	<b>292</b>	<b>2,017</b>
Capitalized transaction costs . . . . .	(25)	(2)	(5)	—	(32)	12	(20) <sup>(7)</sup>
Derivative liabilities . . . . .	4	0	7	—	11	(11)	—
<b>Total financial liabilities</b> . . . . .	<b>1,216</b>	<b>185</b>	<b>303</b>	<b>—</b>	<b>1,703</b>	<b>293</b>	<b>1,996</b>
<b>Total equity</b> . . . . .	<b>453</b>	<b>431</b>	<b>149</b>	<b>(1,070)</b>	<b>(37)</b>	<b>(251)<sup>(8)</sup></b>	<b>(288)<sup>(9)</sup></b>
<b>Capitalization</b> . . . . .	<b>1,669</b>	<b>616</b>	<b>452</b>	<b>(1,070)</b>	<b>1,666</b>	<b>42</b>	<b>1,708</b>

- (1) Elimination entries consist of an adjustment to eliminate the subscribed capital and share premium of MMH and Matterhorn Midco included in the aggregated equity of each of Matterhorn Midco and Matterhorn Financing as of December 31, 2014.
- (2) Adjustments to give effect to the Acquisition and the Refinancing Transactions.
- (3) A mark-to-market net impact of CHF (44.5) million (representing the difference between the mark-to-market loss on our hedging agreements and the mark-to-market gain on our Existing Notes denominated in euros converted at an exchange rate of CHF 1.034 per €1.00) in connection with the termination or amendment of our existing hedging agreements as part of our Refinancing Transactions has been taken into account in our cash adjustment for the Refinancing Transactions but not our equity which is represented as of December 31, 2014.
- (4) CHF 22.1 million of cash on balance sheet will be used as part of the sources in connection with the Refinancing Transactions. See “Summary—Sources and Uses for the Refinancing Transactions.”
- (5) The Revolving Credit Facility is secured by the same collateral that will secure the obligations under the Senior Secured Notes being offered hereby. As of the Issue Date, the Revolving Credit Facility will remain undrawn and fully available. The Revolving Credit Facility was entered into on February 23, 2015. See “Description of Certain Financing Arrangements.”
- (6) The CHF-equivalent of the euro-denominated Notes offered hereby has been converted at the exchange rate of CHF 1.034 per €1.00. This exchange rate differs from the exchange rate in effect as of December 31, 2014 and may differ from the exchange rate in effect as of the Issue Date. See “Summary—Sources and Uses for the Refinancing Transactions” and “Exchange Rate Information” for further information.
- (7) In connection with the issuance of the Notes offered hereby, we expect to incur fees and expenses of CHF 20.3 million, all of which we intend to capitalize.
- (8) Represents the CHF 150.0 million distribution being made to our shareholder as part of the use of proceeds, CHF 69.1 million of estimated redemption premiums that are not being capitalized in connection with the Refinancing Transactions and CHF 32.0 million of capitalized transaction costs related to the previous issuances which are being written-off.
- (9) The total equity for OCH-AT Holding, our parent company, was CHF 1,124 million as of March 31, 2015 and reflects the equity injected by NJJ in connection with the Acquisition. OCH-AT Holding and the Senior Notes Issuer are under common control by our principal shareholder. Please note that (i) the equity position of OCH-AT Holding does not represent our own equity position and (ii) does not give effect to consolidation at the OCH-AT Holding level and therefore does not represent the consolidated equity position of OCH-AT Holding. In addition, the equity position of OCH-AT Holding does not give effect to the Refinancing Transactions. OCH-AT Holding does not form part of the Restricted Group. See “Summary—Corporate Structure and Certain Financing Arrangements.”

### Critical Accounting Estimates

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

Estimates and judgments are based on historical experience and on various other factors that are believed to be reasonable in the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Our significant accounting policies and a description of our use of estimates and judgments are set out in note (2) to MMH’s consolidated financial statements for the year ended December 31, 2014 included elsewhere in this Offering Memorandum.

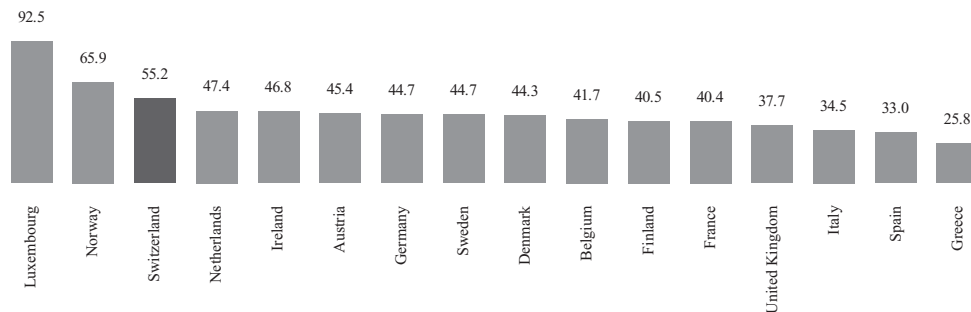
## INDUSTRY OVERVIEW

Switzerland's permanent resident population was 8.1 million at year end 2013, according to the Swiss Federal Statistics Office ("SFSO"). Switzerland combines urban centers such as Zurich, Geneva, Basel, Bern and Lausanne with rural, often mountainous, areas with low population density. According to the SFSO, the population at year end 2013 was distributed across age groups as follows: 20.3% aged 0-19 years, 26.7% aged 20-39 years, 35.4% aged 40-64 years, and 17.6% over 65 years and was split between Swiss (76.2%) and foreign residents (23.8%).

Switzerland is one of the wealthiest countries in Europe. According to the IMF (World Economic Outlook Database, October 2014), Switzerland had an estimated GDP per capita (at purchase price parity exchange rates) of \$55,237 for 2014, which was higher than the European Union average of \$35,849 for the same period. The Swiss economy proved itself to be relatively robust through the recent economic crisis compared to many other European economies. According to the IMF, the Swiss economy grew by 3.0% in 2010, 1.8% in 2011, 1.0% in 2012 and 1.9% in 2013. In comparison, eurozone economies grew by 2.0% in 2010, 1.6% in 2011, (0.7)% in 2012 and (0.4)% in 2013. Historically, Switzerland also has one of the lowest unemployment levels in Europe, with the IMF reporting an estimated 2014 unemployment rate of 3.4%, compared to the eurozone average of 11.6%.

### GDP per capita by country (2014 estimates)

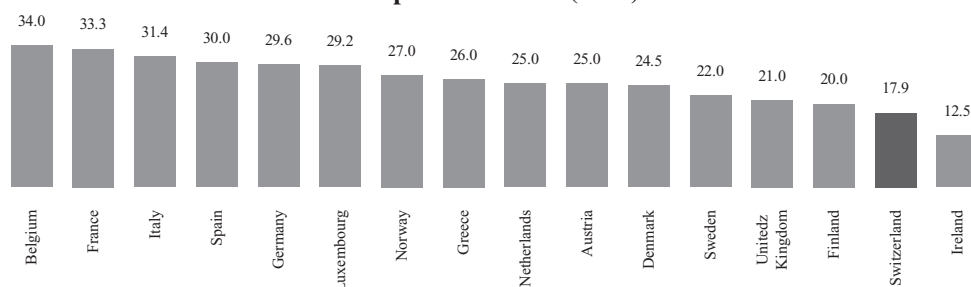
(in thousands of Purchasing Power Parity ("PPP") dollars)



Source: IMF, World Economic Outlook, October 2014

Switzerland provides an attractive business environment with relatively low interest rates (spot interest rate of (0.04%) for ten-year maturities of Swiss Confederation bonds as of March 27, 2015 according to the Swiss National Bank) levels compared to other European countries (EU-15 average of 1.51% interest rate on government bonds with maturities close to ten years in February 2015 according to the European Central Bank and the European Commission) and attractive corporate and personal income tax rates.

### Corporate tax rate (2014)



Source: KPMG

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

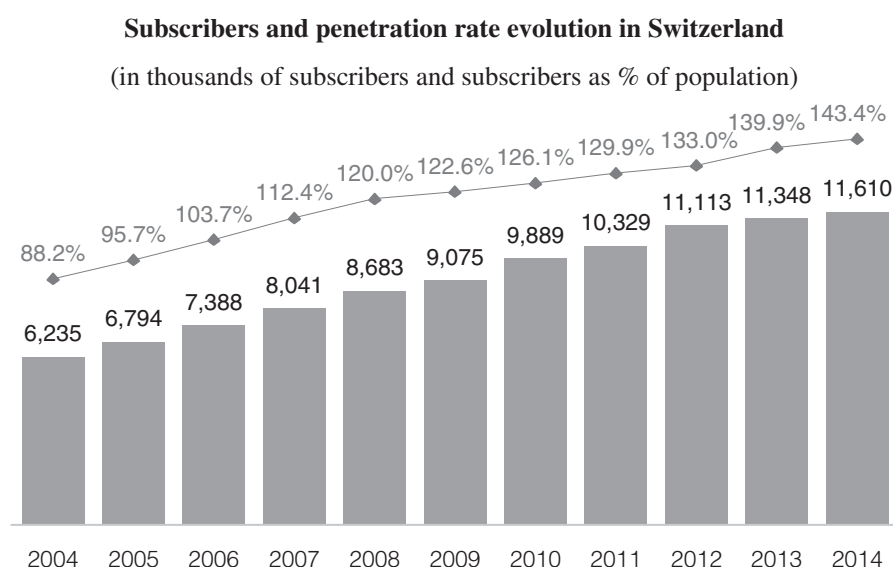
While Switzerland is not a member of the European Union and is, therefore, not subject to the EU telecommunications regulation, the liberalization of the Swiss mobile telecommunications market has moved

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

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

### Swiss Mobile Telecommunications Market

In 2014, when adding the mobile revenue of ourselves, Swisscom and Sunrise, the Swiss mobile sector generated revenue of approximately CHF 6.3 billion representing an increase of 2.0% from CHF 6.2 billion in 2013. According to TeleGeography, the number of mobile subscribers in Switzerland increased by 2.3% year-on-year to reach 11.6 million as of December 31, 2014.

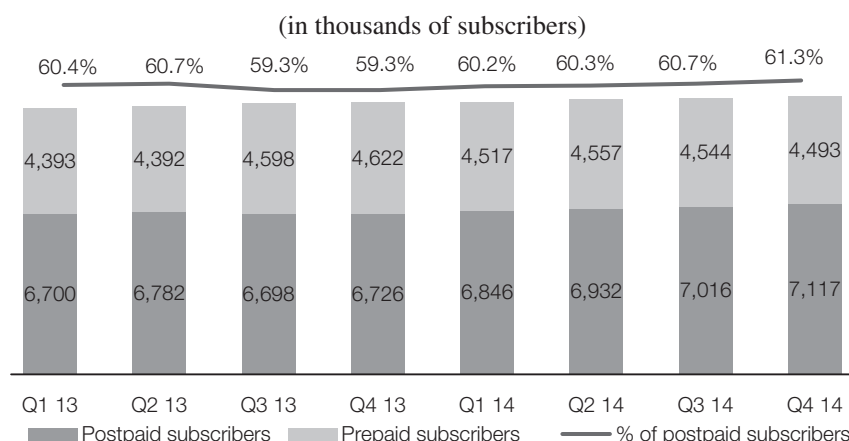


Source: TeleGeography

The number of mobile subscribers is greater than the resident population, among other things due to subscribers owning multiple SIM cards for mobile computers, smartphones SIM cards for mobile computers, smartphones and other devices and non-resident (visitors) subscribers and subscribers that are legal entities. According to TeleGeography, the mobile penetration rate in Switzerland in December 2014 was 143.4%, which is above the Western European average of 135.6%, (based on an unweighted average of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom). One of the factors behind the stability of the Swiss mobile telecommunications market is a large proportion of postpaid subscribers, with the mix between postpaid and prepaid subscribers being relatively stable over the last two years. According to TeleGeography, 61.3% of subscribers are postpaid as of December 31, 2014.



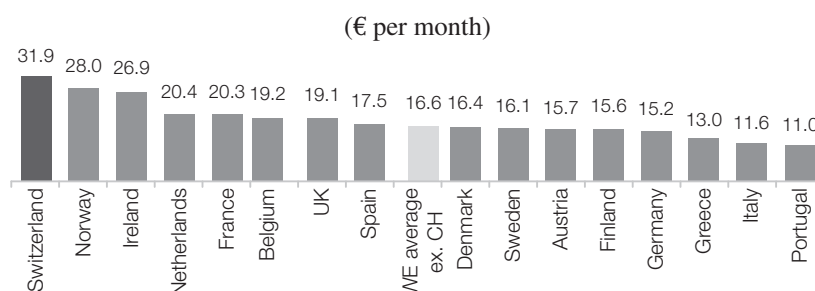
### Evolution of postpaid / prepaid subscriber mix Q1 2013-Q4 2014



Source: TeleGeography

Switzerland provides an attractive market for telecommunications companies with one of the highest ARPU levels in Europe. High levels of ARPU are supported by customer focus on quality of services provided rather than price. According to the estimates of Analysys Mason, the average Swiss customer generated €32 of mobile service revenue per month in 2014, compared with the Western Europe (excluding Switzerland) average of €17 per month.

### Comparison of mobile ARPU in Western European countries estimated in 2014



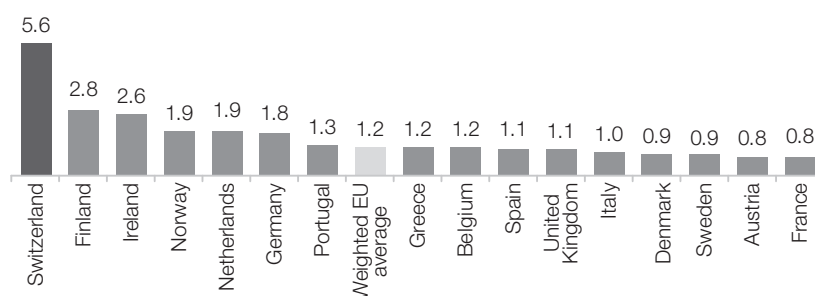
Source: Analysys Mason (Western Europe Telecoms Market: Interim Update, published December 11, 2014)

Furthermore, in recent years ARPU levels have been more stable in Switzerland than in other Western European countries. According to the estimates of Analysys Mason, Swiss mobile ARPU (defined by Analysys Mason as total mobile service revenue (including M2M) divided by total average mobile connections (including M2M) per month) decreased by 17% in euro terms between 2011 and 2014, from €38 to €32 per month. In comparison, mobile ARPU (defined by Analysys Mason as total mobile service revenue (including M2M) divided by total average mobile connections (including M2M) per month) in Western European markets (excluding Switzerland) decreased on average by 22% from €21 per month in 2011 to €17 per month in 2014.

As in other Western European countries, mobile ARPU levels in Switzerland have fallen over time. For example, according to the estimates of Analysys Mason, Swiss mobile ARPU (defined by Analysys Mason as total mobile service revenue (including M2M) divided by total average mobile connections (including M2M) per month) in 2012 was €36.7, whereas it was €20.9 in the UK, €24.1 in the Netherlands, €22.8 in Belgium, €27.0 in France and €16.8 in Germany. This is partly as a result of reductions in MTRs. In Switzerland, MTRs have been set through bilateral agreements between operators, rather than *ex ante* by a regulatory authority, as is the case in the European Union. In 2014, in agreement with Sunrise, we reduced MTRs to a current rate of CHF 0.0775 per minute that will remain valid until June 2015, and during the same period, Swisscom reduced its MTRs to a current rate of CHF 0.0625 per minute. Compared with European rates with a weighted average of €0.0123 per minute (BEREC July 2014), further reductions are to be expected, and a smaller competitor may demand lower rates through bilateral negotiations or interconnection proceedings even before June 2015. Despite these changes, MTRs in Switzerland have remained among the highest in Europe. While MTRs in Switzerland have followed, and are expected to continue to follow, the decline in MTRs applicable in the European Union, such decline has generally in the past followed a slower pace. Under current agreements MTR levels have been set until mid-2015. As a consequence, MTR reductions are not expected to have a material impact on EBITDA in the next year.

## Comparison of mobile termination rates in Western Europe as of July 2014

(€ cent per minute)



Source: BEREC (exchange rate EUR / CHF of 1.22)

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

Mobile data traffic has shown significant growth, driven primarily by smartphone uptake and increased usage of mobile broadband and data intensive applications. According to Analysys Mason, the total data revenue (defined by Analysys Mason as revenue from handset messaging, handset data, mobile broadband and M2M) in Switzerland in 2014 was €1.4 billion, and this could increase to €1.9 billion by 2018. In addition, according to Analysys Mason, the handset-smartphone penetration rate was 74.7% in Switzerland in 2013 and is expected to increase to 84.9% for 2014, which would lead to Switzerland maintaining its position as having one of the highest smartphone penetration rates in Western Europe. For example, according to Analysys Mason, in 2014 the handset-smartphone penetration rate was estimated to be 82.6% in the UK, 78.4% in the Netherlands, 72.1% in Belgium, 70.9% in Germany and 66.0% in France. This expected increase should positively impact ARPU levels.

The three nationwide MNOs in Switzerland are Swisscom (51.0% owned by the Swiss Confederation), Sunrise (25% owned by CVC Capital Partners) and ourselves with respective market shares of 54.8%, 27.1% and 18.1% based on subscribers in December 31, 2014, according to our estimates based on public filings by Swisscom and Sunrise. In the period between December 2013 and December 2014, our share of net additional mobile subscribers (“net adds”) in Switzerland was 18%, according to our estimates based on public filings by Swisscom and Sunrise.

## Total mobile subscribers growth Q2 2013-Q4 2014

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

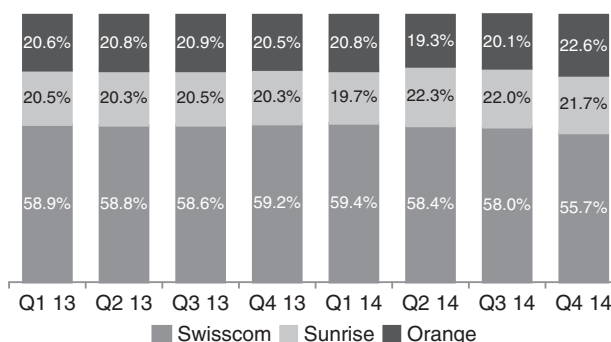


Source: Management estimates based on public filings

In the fourth quarter of 2012, we adjusted our method to calculate our mobile subscriber base to facilitate comparability to Swisscom. This adjusted method aligns market share by number of mobile subscribers more closely with market share by mobile revenue in Switzerland. Based on mobile revenue of the three nationwide MNOs in Switzerland for the year ended December 31, 2014, Swisscom commands 57.8% market share

followed by Sunrise and ourselves at 21.5% and 20.7% respectively. For the year ended December 31, 2014, based on the number of postpaid subscribers, Swisscom commands 63.9% market share followed by Sunrise and ourselves at 19.3% and 16.9%, respectively. Over the last two years the revenue market shares have been broadly stable, reflecting a stable competitive environment.

#### Revenue market share evolution in the Swiss mobile telecommunications market Q1 2013-Q4 2014



Source: Management estimates based on public filings

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

The final group of market participants are MVNOs which operate and are branded independently from the MNOs, but deliver their services over MNO networks under contractual agreement. MNOs are currently not, however, required to grant access to MVNOs under Swiss law. We have agreements to host a number of MVNOs, including Transatel, as well as upc cablecom. MVNOs contract directly with subscribers but rely on existing MNO networks to provide their services.

The MNOs provide 2G coverage utilizing GSM 900 MHz and/or 1800 MHz spectrum. Swisscom, Sunrise and ourselves also provide 3G coverage, having been awarded UMTS (2100 MHz) licenses in 2000. 4G coverage has been provided since 2013.

On February 23, 2012, ComCom and OFCOM announced the results of the auction of mobile radio frequencies. The auction, which ran from February 6 to February 22, 2012 related to the renewal of current licenses for the 900, 1800 and 2100 MHz bands, as well as the new 800 and 2600 MHz LTE bands. The licenses granted in the auction will run until the end of 2028. The three existing mobile operators, Swisscom, Sunrise and Orange, took part in the auction. The results of the spectrum distribution auction were as follows:

MHz	Orange	Sunrise	Swisscom
800	20 MHz	20 MHz	20 MHz
900	10 MHz	30 MHz	30 MHz
1800	50 MHz	40 MHz	60 MHz
2100 paired	40 MHz	20 MHz	60 MHz
2600 paired	40 MHz	50 MHz	40 MHz
2600 unpaired	—	—	45 MHz

Current spectrum allocation (frequency division duplexing). Source: ComCom, OFCOM

#### Swiss Landline Market

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

### Fixed Voice

According to the SFSO (the “SFSO”), there were 2.85 million public switched telephone network (PSTN) and integrated services digital network (ISDN) lines in use in Switzerland at the end of December 2013.

Swisscom has historically dominated landline voice services and, according to numbers reported by the operators, as of December 31, 2014, had a market share of approximately 64.5%. However, competitors, such as Sunrise—which has a market share of 9.2%—are now able to resell Swisscom’s products or establish their own networks through “unbundling” Swisscom’s local loop network. Fixed voice services are also provided through broadband cable infrastructure. In cable, only upc cablecom has significant scale on a national level. Our landline offering allows our customers, whose telephone lines are usually maintained by another landline operator, such as Swisscom, to have their calls routed across the network and services of VTX Services, whose services we resell.

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

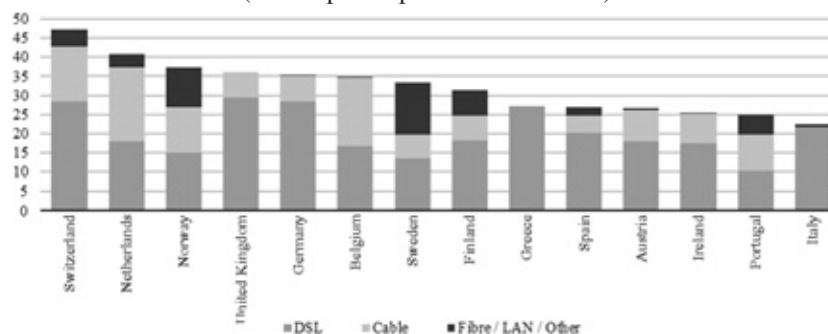
### Broadband Internet

According to ComCom, there were 3.3 million broadband internet connections in Switzerland as of December 31, 2013. Landline broadband internet connections can be established via various access technologies, including DSL, cable modem, FTTH and public WLAN access points. According to ComCom, at the end of June 2014, over 67.4% of all broadband connections were DSL connections.

According to the OECD, fixed broadband penetration in Switzerland is among the highest in Europe, with over 45 connections per 100 inhabitants.

#### Fixed (wired) broadband penetration in Western Europe in June 2014

(subscriptions per 100 inhabitants)



Source: OECD

According to TeleGeography, Swisscom leads the retail broadband internet market with 54.0% of subscriber market share as of December 31, 2014, with competition mainly coming from Sunrise and upc cablecom with 9.3% and 20.8% of subscriber market share respectively. In addition, there are smaller operators, such as VTX Services, that resell Swisscom’s products or operate via respective LLU networks. Under the Swiss Telecommunications Act, Swisscom is required to grant other providers fast bit-stream access as a regulated service in a non-discriminatory manner and at cost-based prices during a certain period from launch of the relevant service. See “*Regulation*.” We are reselling the services of VTX Services who entered into a wholesale agreement with Swisscom; such agreement is not subject to regulation.

The mobile broadband internet market is growing at a steady pace in Switzerland supported by the roll-out of 4G networks. The SFSO estimates that the number of internet users browsing outside their home or office has grown from 43% in 2010 to 66% in 2014.

## BUSINESS

### Overview

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

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

For the year ended December 31, 2014, our mobile telecommunications offerings generated 99.7% of our total revenue (split between mobile ARPU revenue (77.8%), equipment revenue (13.5%) and other network revenue and mobile services (8.3%)), with the remainder comprised of fixed revenue (0.3%).

We primarily focus on the postpaid customer segment, which represented 92.7% and 93.8% of our mobile ARPU revenue for the years ended December 31, 2013 and 2014, respectively. Within that segment our principal focus has been higher-value residential customers, as well as SoHo and SME business customers. Our product offering is based on flexibility and adaptability to the requirements of our customers, and we continue to develop and market new products to attract and retain our customer base. Our flagship offering “Orange Me,” initially launched in 2010 and refreshed in 2014, is based on an *à la carte* approach that allows our customers to mix and match voice and SMS, data, customer care products and service packages to their individual needs. In 2014, we continued to innovate in the Swiss market, launching uniform tariffs for calls and SMS in Switzerland and abroad, “*Das Abo*” (a flat-rate service in partnership with Swiss Post) and new “Hybrid” installment plans.

We provide mobile services through our own mobile 2G, 3G and 4G telecommunications access network throughout Switzerland and Liechtenstein. In May 2013, we launched 4G at no additional cost for both our prepaid and our postpaid customers, and by December 2014 we had reached 4G network population coverage of 90% in Switzerland. In addition to our mobile telecommunications access network, we have a transmission network that includes a mobile backhaul network, a national transmission backbone network (core transport network) and an IT/corporate data network comprised of owned and leased equipment. We do not operate our own dedicated landline network infrastructure to provide fixed-voice and broadband internet products and services, but provide such products and services on the basis of a reseller agreement with VTX Services.

We have historically marketed our products and services through the *Orange* brand. On March 31, 2015, we announced plans to carry out a rebranding process. We will announce our new brand name in the near term. We believe that this new brand name will allow us to continue to carry out our corporate strategy as described below.

We distribute our products and services in Switzerland directly through our network of 85 shops, online and via telesales, as well as indirectly through more than 2,500 points of sale of our partners’ non-exclusive distribution channels. Resellers and MVNOs on our network generally distribute mobile telecommunications services through their own distribution networks and channels.

For the year ended December 31, 2014, we generated total revenue of CHF 1,316.1 million and Adjusted EBITDA of CHF 432.7 million.

### Our Strengths

We believe that the following strengths will allow us to execute our strategy. See “—Our Strategy.”

#### ***Supportive Economic, Competitive and Regulatory Environment***

We generate almost all of our revenue and net income from Switzerland, one of the wealthiest countries in the world in terms of GDP per capita. Switzerland’s “AAA” rating from the three main rating agencies reflects its high average income generated by a highly developed economy, a robust and transparent institutional framework, a stable consensus-based political system and fiscal discipline. According to the IMF (World Economic Outlook Database, October 2014), Switzerland had an estimated GDP per capita (at purchasing power



parity exchange rates) of \$55,237 for 2014, which was higher than the European Union average of \$35,849 for the same period. Switzerland also has one of the lowest unemployment levels in Europe, with the IMF reporting an estimated 2014 unemployment rate of 3.4%, compared to the eurozone average of 11.6%. Switzerland's institutional strength is illustrated by its scoring in the 98<sup>th</sup> percentile of the World Bank's indicator of "Government Effectiveness" and in the 97<sup>th</sup> percentile regarding "Rule of Law" in 2013 due to its longstanding political stability and well-established culture of consensual decision-making. Switzerland enjoys a comfortable net international investment position (143% of GDP at the end of 2011 according to a December 2012 report by the Swiss National Bank) and low net debt (27.1% of GDP estimated in 2014 according to the IMF World Economic Outlook Database, October 2014). Underpinned by such solid fundamentals, according to the IMF, the Swiss economy grew by 3.0% in 2010, 1.8% in 2011, 1.0% in 2012 and 1.9% in 2013. In comparison, eurozone economies grew by 2.0% in 2010, 1.6% in 2011, (0.7)% in 2012 and (0.4)% in 2013.

The stability of the competitive environment in the Swiss mobile telecommunications market is supported by the presence of the market leading incumbent, Swisscom, with two other operators, ourselves and Sunrise, holding substantial market shares. Since we entered the market in 1999, no new entrant has built out a nationwide network in Switzerland and the respective market shares of each of the three MNOs have remained relatively stable in the past seven years. The fact that Swisscom is still majority state-owned is an additional factor of stability in the market. At the end of December 2014, Swisscom's share of the Swiss mobile telecommunications market by number of subscribers was 54.8%, Sunrise's market share was 27.1% and our market share was 18.1%. Our estimates show that market shares by revenue of the three nationwide MNOs in Switzerland also remained relatively stable between December 31, 2012 and December 31, 2014. For the year ended December 31, 2014, Swisscom's share of the Swiss mobile subscriber market by revenue was 57.8%, Sunrise's market share was 21.5% and our market share was 20.7%. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share.*"

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

### ***Resilient and Growing Market***

The Swiss mobile telecommunications market has been relatively resilient to economic downturns in past years. According to TeleGeography, the number of mobile subscribers in Switzerland increased by 2.3% year-on-year to reach 11.6 million as of December 31, 2014. The resilient growth of the Swiss mobile telecommunications market in recent years has been supported by several factors. The Swiss mobile telecommunications market is primarily a postpaid market (with an estimated 61.3% of mobile subscribers being postpaid subscribers as of December 31, 2014), which contributes to market stability. According to TeleGeography, the mobile penetration rate in Switzerland in December 2014 was 143.4%, which is above the Western European average of 135.6%, (based on an unweighted average of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden and the United Kingdom). Steady population growth in Switzerland has also created additional opportunities for subscriber growth. According to the IMF, Switzerland's population has grown at a compounded annual growth rate of 0.8% between 2011 and 2014, which is higher than the eurozone annual growth rate of 0.2%.

### ***Significant Barriers to Entry***

We believe that there are significant barriers to entry for potential new competitors in Switzerland, our core market. The long-term nature of the licenses granted in the 2012 spectrum auction in Switzerland constitutes significant barriers to entry for potential new competitors. These technology neutral licenses are not tradeable by their terms and are valid until December 31, 2028. Accordingly, it could be difficult for any new potential entrant into the market to be able to acquire the right to use the relevant spectrum covered by these licenses until after 2028. See "*Regulation—Mobile Regulatory Environment—2012 Spectrum Auction*" for further details of the allocation of spectrum in Switzerland. In addition, for a new market entrant, building a mobile telecommunications network in Switzerland is complex and time- and capital-intensive, due to a number of factors, including the difficult nature of the terrain and the need for local authority approval for each site. In addition, stringent environmental regulations, which are embedded in building permits, limit radiation levels well below the EU standards, thereby requiring a greater number of sites and base stations to achieve any given

network coverage compared to most other countries. In recent years, no new entrant has successfully established itself on a national scale. For instance, in 2006, ComCom withdrew Telefonica's 3G license because it failed to fulfill coverage requirements, and in 2008, Tele2 was acquired by Sunrise after failing to deploy a nationwide network. As a result, the Swiss mobile telecommunications market has become a relatively stable market of three national mobile network operators: Swisscom, Sunrise and ourselves.

### ***Stable Market Share and Attractive Value Positioning***

Together with Swisscom and Sunrise, we are one of the three mobile network operators in Switzerland with a nationwide network. Our market share and that of our main competitors Swisscom and Sunrise has remained broadly stable over the past three years. According to our estimates, our market share among all three mobile network operators in Switzerland based on revenue for the year ended December 31, 2014 was approximately 20.7%, while Swisscom and Sunrise commanded a 57.8% and 21.5% market share, respectively, compared to 58.8% for Swisscom, 20.5% for Sunrise and 20.6% for ourselves in 2012, respectively. See "*Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data—Market Share.*" With approximately 53% of our subscribers as of December 31, 2014, being postpaid subscribers and approximately 88% of our postpaid subscribers using smartphones, we have established a firm position in the most attractive and profitable market segment.

We believe that our attractive positioning in the higher-end postpaid market segment provides us with a solid basis to target a broader range of customers and increase our subscriber base in more mass-market segments, as illustrated by the success of our Orange Me plans and the Orange Young offerings that we refreshed in 2014.

### ***Extensive, High-Quality Network Infrastructure***

We operate and own one of the three nationwide mobile telecommunications networks in Switzerland. We are constantly strengthening our network to secure capacity for increasing data traffic by optimizing spectrum allocation to extend our geographical coverage and to improve voice and data coverage and by making our network 4G/LTE compatible. In accordance with our investment plan, in 2013, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements. This substantially improved the general network quality and the coverage, as well as provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability. We launched our 4G offering on 1800 and 800 MHz spectrum in May 2013 and achieved average 4G network population coverage of over 70% within eight months. As of December 31, 2014, our 4G network population coverage exceeded 90% and the download speed increased to up to 150 Mbit/s. According to a study performed by "Connect" magazine in August 2014, we offer the best connection on voice and data on Swiss trains among all the Swiss mobile operators. Moreover, the study also concluded that we have the second best network in terms of mobile data and voice quality, and we ranked 4th in terms of overall network quality out of ten operators in Austria, Germany and Switzerland. We are currently in the process of gradually upgrading our mobile network from 4G (LTE) to 4G+ (LTE advanced), which means that the mobile internet speed will increase from up to 150Mbit/s to up to 300 Mbit/s. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations—Mobile Network Upgrade.*"

### ***Resilient Adjusted EBITDA***

Our Adjusted EBITDA increased by 18.6% over the 2012-2014 period from CHF 364.9 million in 2012 to CHF 432.7 million in 2014. Assuming we had not applied installment accounting in 2014, our Adjusted EBITDA would have increased by approximately 9.6% from the year ended December 31, 2012, to the year ended December 31, 2014. This growth in Adjusted EBITDA was primarily due to the 8.6% increase in our postpaid subscriber base for the year ended December 31, 2014, compared to the year ended December 31, 2012, and the implementation of cost saving initiatives. For each of the years ended December 31, 2012, 2013 and 2014, we generated EBITDA less capital expenditures of CHF 151.5 million (excluding capital expenditures related to the spectrum license), CHF 173.4 million and CHF 220.2 million, respectively.

### ***Experienced Management Team***

We have a highly experienced management team, with experience in both Swiss and international markets. Johan Andsjö, our Chief Executive Officer since October 1, 2012, has had 19 years of experience in the telecommunications industry. Yann Leca, our Chief Financial Officer since November 2012, was formerly the Chief Financial Officer of Polyconcept (a portfolio company of Investcorp that was previously owned by BC Partners) and held that position since 1998.

Our management team has considerable industry experience, including with leading telecommunications and technology companies. Our management team also has an established track record of transformation and generating growth, such as the launch of new product offerings (including Go Europe, Go World and “Das Abo” as well as “Hybrid” installment plans) and the 4G network roll-out, which successfully repositioned Orange in 2014. Our management also implemented a significant IT transformation project, which has been substantially completed, with a goal to improve operating security, speed and function as well as to reduce our operational costs. The senior management team also endeavors to attract and retain a loyal and committed employee base. We have been recognized as a “great place to work” according to surveys conducted inside and outside the company. In February 2015, Orange became the first Swiss telecommunications operator to receive the Top Employer Switzerland distinction from the Top Employers Institute.

We have not experienced any labor-related work stoppages during the past three years.

## **Our Strategy**

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

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

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

## **Growth Above Market Average**

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

- *Continued development of our à la carte tariffs plans.* This à la carte approach provides customers with better transparency and maximum flexibility, allowing customers to bundle voice and data products according to their preferences. We believe this approach will give us the opportunity to continue to develop our high ARPU base and, at the same time, the flexibility to target mass-market customer segments. It will also provide us with the opportunity to monetize an increase in data traffic into an increase of data revenue.
- *Increased distribution in selected geographies in Switzerland.* We have developed our direct distribution network by increasing its efficiency, opening additional shops, as well as expanding telesales operations. We believe this will enable us to further improve our customer reach and intimacy, and lower entry barriers for new customer segments. Further to the 13 shops opened in 2013 and 2014 in the German-speaking parts of Switzerland, in 2015, we plan to open several new shops, predominantly in the German-speaking parts of Switzerland where we historically have been under-represented, which has been an ongoing strategy in recent years. We have also launched “Das Abo” in conjunction with Swiss Post as a new distribution channel.
- *Further grow our B2B business.* Historically, our business subscriber market share has been relatively low, compared to that of Swisscom and Sunrise. We have therefore put in place a dedicated business unit, which addresses all B2B activities, specifically focusing on SoHo and certain SME business customers. Under the management of our newly-appointed Chief Business Officer Britta Reinhardt, we intend to improve our market share through revised tariff structures, improved anti-churn measures and better channel management.

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

### ***Implementation of Efficiencies to Optimize Cost Structure and Cash Flow***

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

- *Reduce and rebalance resources.* In 2013, we reorganized our resources by reducing our workforce by 122 full-time employees. The initial phase, which was implemented in March 2013 and June 2013, led to a reduction of 89 full-time employees in total, mostly in corporate functions, and the second phase, which was implemented in November 2013, led to a reduction of 33 full-time employees, enabling us to update and simplify our business processes.
- *Simplify network maintenance and roll-out.* We have entered into new agreements with suppliers considerably simplifying our supplier relationships. In December 2012, we signed an agreement with Ericsson, in relation to the maintenance of our network and “run”-processes (including network management, field maintenance and spare parts management), which has lowered our total network unitary running cost. In January 2013, we signed an agreement with Nokia Siemens Networks, in relation to new roll-out developments (including any infrastructure development activities that we may undertake, such as site acquisitions, build permit procedures and the related upgrades and hardware maintenance), which also allows us to pay for infrastructure developments only after they are fully installed and operational, improving our unitary capital expenditure levels and cash flows.
- *Modernize IT-processes.* In 2013 and during the first half of 2014, we modernized all key systems in our IT-environment, in order to improve our time to market, decrease our total cost base and increase customer satisfaction. We significantly reduced the number of our IT-suppliers and implemented a SaaS business model with leading providers such as Ericsson, Qvantel and iGate. In addition, we intend to continue to fine tune our new IT systems during the first half of 2015, in particular by upgrading our billing and collections systems and our customer care services. We believe that this will allow us to further improve our processes and effectiveness, and thereby improve our capital expenditure and working capital levels.

### ***Monetization of Data Growth***

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

- *Increased capacity for data differentiation.* We are improving our capabilities to differentiate our products through combinations of speed, data bucket size, multiple devices and service bundles to address the needs of our customers. For example, when we re-launched Orange Young in January 2013, Spotify and associated traffic was included as part of the total offering. We have also launched multi-device/ multi-sim offerings, allowing customers to optimize their experience as well as maintaining an easy to understand pricing model. As part of our *à la carte* model, we allow customers to upsell and upgrade increased data services at any time. From December 2013 to December 2014, there was a 60% increase in the number of gross connections for mid- to high-value data packages.
- *4G-launch.* As part of the Swiss spectrum auctions, we acquired ample and well located spectrum blocks for a fast launch of high quality 4G services. We launched our 4G offering on 1800 and 800 MHz spectrum in May 2013 and achieved average 4G network population coverage of over 70% within eight months. As of December 31, 2014, our 4G network population coverage exceeded 90% and the download speed increased to up to 150 Mbit/s. We expect data consumption to continue growing at its present pace of nearly 100% in the foreseeable future. We are currently in the process of gradually upgrading our mobile network from 4G (LTE) to 4G+ (LTE advanced), which means that the mobile internet speed will increase from up to 150Mbit/s to up to 300 Mbit/s.



### ***Further Improvement of Quality of Network and IT***

We intend to further improve the quality of our network to enhance user experience and perception and to increase our market share. We have significantly improved the quality of our network in recent years, and we continuously seek to improve the quality of our network. According to the 2014 network performance study published by “Connect” magazine in 2014, we had the second best mobile network for mobile voice and mobile data in Switzerland and achieved a rating of “*Sehr Gut*” (very good). As part of our strategy to improve the quality of our network and IT, we have introduced the following initiatives:

- *RAN renewal completed.* In accordance with our investment plan, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements in 2013. This substantially improved the general network quality and coverage, and provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability. We benefitted from energy efficiency gains as a result of the network upgrade, resulting in lower overall network costs.
- *IT modernization.* We implemented a transformation plan in the first quarter of 2014 to replace our legacy IT architecture in order to consolidate order management, CRM and billing services (which had previously been allocated separately by distribution channel) under one IT system, and in-source ISP capabilities, in order to improve cost efficiency, customer care and sales productivity.
- *4G coverage and 3G-gap filling.* Our investment priorities over the next few years is to enable strong 4G and 4G+ networks to be competitive with Swisscom and to take advantage of what we believe is a spectrum portfolio advantage over our competitors. We also intend to further improve capacity and fill the current gaps in our 3G coverage, to further improve quality of service not just for new but also existing customers.

### ***Leadership in Service Excellence***

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

- *Simplicity in product range.* We closed down several non-core products from 2012 to 2013 and significantly consolidated our existing product portfolio, in order to further simplify our portfolio and be able to give full support to all the products that we offer. As a result of this consolidation, we regained leadership in high-end propositions from Swisscom and balanced entry-level propositions from Sunrise.
- *Dedicated service personnel for B2B customers.* We provide dedicated service personnel for our B2B customers that can cater to their requests without having to pass the customer on to other units in our organization.
- *Simplified interactive voice response systems.* Complex IVR systems are one of the top three complaints across any industry in terms of customer service. During the second and third quarters of 2013, we implemented a new call management platform to restrict the number of IVR-actions to between one and three per session to ensure that customers reach a live customer service agent more quickly compared to our competitors and to our previous service offerings. We believe that this approach has decreased technical costs as well as increased our ability to answer customers quickly and correctly.
- *Segmentation of service treatment.* To best serve our customers, we intend to continue our strategy of providing critical customer care services in-house, while outsourcing non-critical services. We believe that this strategy provides the right combination of better performance, faster response and cost efficiency.
- *Improved retention and churn management.* We intend to strengthen our efforts to retain our high quality customer base by improving customer loyalty and reducing churn. We have defined and prioritized specific initiatives to reduce churn at an early stage, and our efforts are now focused on implementing this strategy in order to further significantly reduce our churn rates in the coming years. In 2011, we formed a dedicated retention team to focus on retaining our customer base, which has led to a material reduction of churn in our most valuable postpaid segment. Our retention team focuses on retaining our customer base by applying a three-step churn management approach: (i) analyzing churn practices, churn causes and



churn distribution, (ii) defining and prioritizing specific initiatives to reduce or prevent churn at an early stage and (iii) executing and monitoring a specific churn action plan, including, for example, by making follow-up calls in reply to written cancellations. Our strategy to enhance customer satisfaction and the reduction of churn also includes the continuation of our *à la carte* flexible tariffs approach, the enhancement of the quality of our network, the development of our direct distribution network to improve customer proximity and the improvement of our billing processes.

## **Our History**

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

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

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

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

In 2012, we were acquired by Apax Partners LLP and in February 2015 we were acquired by NJJ Suisse Acquisition. See “*Summary—Corporate Structure and Certain Financing Arrangements.*”

## **Business Operations**

### ***Overview***

Our mobile telecommunications products and services generated the largest part of our revenue, accounting for 99.7% of our total revenue for the year ended December 31, 2014. Mobile telecommunications revenue was comprised primarily of mobile ARPU revenue (77.8% for the year ended December 31, 2014), other network revenue and mobile services (8.3% for the year ended December 31, 2014) and equipment revenue (13.5% for the year ended December 31, 2014). Fixed voice accounted for 0.3% of total revenue for the year ended December 31, 2014.

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

### ***Mobile Telecommunications Offerings***

As of December 31, 2014, we had approximately 2.17 million mobile subscribers. Our mobile service offerings include voice services, non-voice services (including SMS, MMS and data services on handsets) and mobile broadband services. We also offer mobile handsets, tablets, USB modems and other hardware devices, which we generally subsidize to promote our offerings. In addition to our mobile offerings targeted at the retail consumer segment, we also offer a variety of products and services targeting the specific needs of SoHo and SME business customers. We further have arrangements with resellers and MVNOs whereby we provide them with access to our network.

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

### ***Postpaid Offerings***

Postpaid subscribers represented 93.8% of our mobile ARPU revenue for the year ended December 31, 2014, and approximately 53.3% of our total mobile subscriber base at December 31, 2014. A majority of these

subscribers have entered into 24-month contracts. In January 2013, we refreshed our Orange Young offerings (Orange Young Star & Galaxy and Orange Young Universe), available to customers under 27, to include unlimited calls, texts and internet access as well as unlimited music from the streaming music service Spotify. In 2013, we also launched more aggressive price plans by refreshing our core Orange Me postpaid proposition with new customer services and TV options to increase mobile data adoption and improve our service offering.

Our strategy in the postpaid mobile market is to grow our subscriptions base and ARPU by capitalizing on the strength of our product offerings and network capacity as well as our ability to offer high-value and innovative products at attractive prices. We intend to monetize the increasing need for mobile data by increasing the demand for data services, marketing LTE/4G speeds and by providing our customers with the most current smartphones and tablets. We believe that data-centric products tiered to volume or flat-rates and combined with the most current smartphones and handset devices are critical elements in implementing this strategy. As of December 2014, 88% of the handset devices in our postpaid tariffs were smartphones.

Following the launch of the new speed-differentiated flat-rate postpaid mobile plans by Swisscom in the second quarter of 2012, we lowered our prices in order to remain competitive. As of December 31, 2014, over 85% of our Orange branded postpaid handset subscriptions were on rate plans which had been repriced following the introduction of the new speed-differentiated flat-rate postpaid mobile plans by Swisscom and the lower tariffs introduced by us as a response. We believe that the risk of further ARPU decreases is limited at current market rates.

We provide unlimited data volumes with the high-end configurations of our Orange Me proposition and offer LTE/4G speed on all of our rate plans. Our offering of unlimited data volumes is based on sufficient capacity in our mobile network. We believe that we have substantially restored our competitive position with the refresh of our Orange Me and Orange Young propositions as well as the launch of “*Das Abo*.”

Our key postpaid offering to residential customers is Orange Me. Orange Me is an innovative concept that allows customers to customize their subscription with respect to three layers (voice minutes and SMS, data and care services) by means of a simple equalizer. We believe that this simple and flexible concept that allows customers to individually select their subscription based on 14 options, has differentiated us from our main competitors Swisscom and Sunrise, whose offerings follow a less flexible tiered bundle approach. We continued to innovate in the Swiss market in 2014, launching “*Das Abo*” (a flat-rate service in partnership with Swiss Post) and new “Hybrid” installment plans. We refreshed Orange Me by introducing unlimited roaming for voice calls and SMS. We also introduced add-on roaming data packages for each of our Go Europe, Go World and unlimited roaming product offers. Moreover, with Orange MyGroup, an option under Orange Me, a customer may define a group of a maximum of five Orange customers who then benefit from unlimited free calls and SMS to the other group members. The number of postpaid mobile plans increased by approximately 45% in the fourth quarter of 2014 compared to the third quarter of 2014.

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

#### *Prepaid Offerings*

Historically, our primary focus has been on postpaid services. Our prepaid mobile voice and data offerings together accounted for 6.2% of our mobile ARPU revenue for the year ended December 31, 2014. Prepaid subscribers represented approximately 46.7% of our total subscriber base as of December 31, 2014.

In 2014, we adjusted our commercial strategy regarding prepaid offerings and refreshed Orange Me PrePay, a product in the prepaid segment that allows prepaid customers to benefit from a simple product offering.

#### *MVNOs*

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

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

As of December 31, 2014, we had Transatel, upc cablecom, FOGG, Ortel and Voiamo on our network. Transatel is a MVNO operator that is also active in France, Luxembourg, Belgium, the Netherlands and the United Kingdom. It principally addresses specific customer segments. In 2011, we signed an agreement regarding MVNO services with upc cablecom, the leading Swiss cable company, which was an important step in the development of our MVNO customer growth. upc cablecom launched its commercial offering in September 2014 after a soft launch in June 2014. The agreement with upc cablecom provides for an initial term of three years as of the date of the public commercial launch. After expiration of the initial term, the agreement is, if no notice of termination is given, automatically extended for successive two-year periods. During the initial term, upc cablecom is required to generate certain minimum revenue that can be waived under certain conditions.

We are also in negotiations with potential additional MVNO partners.

Like MVNOs, wholesale resellers rely on a MNO to provide their customers with access to frequency allocation and network infrastructure. Unlike MVNOs, wholesale resellers do not enter into contracts with their customers. The MNO directly enters into a contractual arrangement with the customers of the reseller.

We currently have a prepaid as well as a postpaid reseller agreement in place with Coop, under which Coop resells prepaid and postpaid products and services on a co-branded basis. Coop is the second-largest retail trade group in Switzerland, operating over 1,900 stores. In May 2014, our agreements with Coop were extended until the end of 2018. If neither party sends a termination notice by the end of 2017, these agreements will automatically extend for an additional twelve months. In exchange for its reseller activities, Coop is entitled to a revenue share or an activation commission, depending on the activation channel. Under our agreements with Coop, both parties are subject to exclusivity provisions. We are prohibited from entering into agreements for similar services with other retail chains active in Switzerland in the food, construction and hobby, consumer electronics, perfumery and furniture areas, as well as gas stations.

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

#### *Handset Offerings and other Accessories*

We offer our subscribers a broad selection of handsets and related accessories, which we source from a number of well-known suppliers, including Apple, Samsung, Nokia, HTC, RIM, Sony and LG.

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

In 2008, we were the first telecom operator to launch the iPhone in Switzerland. We now offer the iPhone 6 with an Orange Me postpaid subscription. See “—*Business Operations—Mobile Telecommunications Offerings—Postpaid Offerings.*”

To further enhance our mobile internet offer, we extended our hardware portfolio to include tablets, netbook and notebook computers. In this segment, we offer the Apple iPad, as well as Acer, HP and Samsung devices. We have negotiated contractual agreements with our main handset suppliers. See “—*Certain Contracts Relating to the Operation of Our Business.*”

In September 2014, we launched “Hybrid” installment plans as part of the refreshed Orange Me and Orange Young tariffs. Our customers can choose between the traditional upfront payment of the retail handset price, or spread this cost over 24 months, affording our customers more flexibility in paying for their handset and allowing us to be more competitive in our main market. Our customers are still incentivized to up-sell as the retail handset price is lower with high-end propositions (traditional model). As a result, we have reduced our subscriber acquisition and retention costs in the lower-end customer segment as price-sensitive customers tend to choose installment plans and therefore sign 24-month contracts.

#### *International Roaming*

On December 23, 2011, we entered into an agreement relating to roaming with France Telecom covering the period from 2012 through 2015 and setting forth general principles governing inter-operator tariffs between the FT Group and ourselves. Under this agreement, both parties deliver guaranteed volumes of roaming traffic based on a decreasing scale of mutual commitments through 2015. In 2014, France Telecom requested the TAP implementation for data services with some France Telecom affiliates, which led to a reduction of the settlement cycle from 365 days to 60 days. There is a risk that there will be the same request for TAP implementation for

voice and SMS services in the future in light of the general trend in the industry. This roaming agreement may be terminated by either party if we undergo certain change of control events or if a competitor purchases shares in us. The current agreement remains in place and we renegotiate this roaming agreement annually, and we intend to enter into new bilateral negotiations with France Telecom from 2016 onwards. In addition, we will evaluate synergies with other NJJ companies as a result of the Acquisition.

### ***Fixed Voice, Broadband Internet and TV Products***

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

### ***Additional Products and Services Offered***

Our offering of products and services includes Relax, a portfolio of insurance and handset repair services, as well as Duo Packs and Multi Surf options. Both options allow our customers to share their data subscriptions through the use of a special SIM card without tethering. We also provide Go Europe & Go World roaming options, offering our customers uniform tariffs for calls and SMS while abroad at Swiss national rates. Moreover, in partnership with Zattoo Schweiz AG, one of Europe's largest providers of linear live-web TV, we offer web TV to our highest-value Orange Me customers. In addition, at the end of 2014, we signed a partnership agreement with Swisscom and Sunrise for the launch of "Mobile ID," a service for secure and simple mobile authentication, which allows users to log in to online portals or e-banking via smartphone.

### **Marketing and Branding**

We have historically marketed our products and services under the *Orange* brand. On December 23, 2011, in connection with the entry into the Apax Acquisition Agreement, we entered into a brand license agreement with Orange Brand Services Limited that became effective in February 2012 with a term of three years. On February 23, 2015, the change of control in the Company resulting from the NJJ Acquisition Agreement triggered a termination right of Orange Brand Services Limited, upon which Orange Brand Services Limited formally terminated the brand license agreement. On March 31, 2015, we announced plans to carry out a rebranding process. We will announce our new brand name in the near term.

The main focus of our marketing activities has been to promote our renewed postpaid portfolio including unlimited surfing for data and unlimited roaming for voice calls and SMS. We have also continued to focus on retaining our high value customers as well as cross-selling and up-selling data bundles.

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

Besides our own single brand marketing activities, we have a prepaid as well as a postpaid whole reseller agreement in place with Coop. Further, our MVNO partners generally target specific customer segments, allowing us to target a broader range of customers and successfully increase our subscriber base in more mass-market segments.

### **Sales and Distribution**

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

#### ***Residential Customers***

We distribute our products and services both directly and indirectly through partners. For the year ended December 31, 2014, approximately 55.6% of acquisition and retention acts by residential customers were generated through direct channels and approximately 44.4% were generated through indirect channels.

Our direct distribution channels are comprised of our current network of approximately 85 shops, including own-branded shops, many of which are located at attractive locations in train stations and airports allowing more flexible opening hours than common in Switzerland and which attract a larger number of customers. We also distribute our products directly through the Internet.

Through our direct distribution channels, we sell our mobile telecommunications offerings, further products and services and customer care services. Our own channels (shops, online and telesales) account for the majority of total new contracts signed with our core Orange-branded propositions (excluding specific partner offers). For the year ended December 31, 2014, approximately 61% of acquisition and retention acts with these offers were generated by our own channels. Relying on direct distribution channels is a key factor for managing subscriber acquisition and retention costs, and we intend to optimize and develop further our own direct distribution channels to maintain our market presence, enhance the specific customer experience and manage subscriber acquisition and retention costs.

Our indirect distribution channel includes partners who sell our products and services, such as, for example, Mobilezone, Swiss Post, Interdiscount, Fust and Saturn/Mediamarkt. Indirect distributors are commissioned on each retained subscriber and new contracts signed. In addition, MVNOs and wholesale resellers on our network generally distribute mobile telecommunications services under their own brand and through their own distribution network and channels.

#### *Business Customers*

With regard to business customers, we have developed our direct distribution network to address the SoHo and SME segments through a true multi-channel approach involving own shops, distribution partners, sales representatives, telesales and the Internet. As a key feature, each SME business customer is assigned a dedicated agent as single contact person. We believe this service differentiates us from our main competitors.

In addition, we are a member of the Freemove alliance to serve multi-national corporate customers with operations in Switzerland. The alliance regroups leading European mobile operators to provide coordinated sourcing and delivery of products and services to multinational companies.

#### **Customer Service and Retention**

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

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

In particular:

- We operate two contact centers, one in-house and one through our outsourcing partner, Teleperformance. In our contact centers, we have, among other things, implemented a skill-based routing of customer issues via an IVR to provide direct access to an agent with relevant skills, so as to maximize the rate of first call resolution of issues. We have been recognized by the press and received awards from the Swiss call center association for innovative call center solutions and also received an award for best mobile telephony provider for residential customer hotlines from "Contact Management Magazine" in 2010. Additionally, Orange Communications SA Biel/Bienne was recognized in July 2014 for the quality of its French-German bilingualism by an independent panel of experts.
- Our customers can also access a broad range of internet-based self-care functionalities with their computer or mobile phone. Self-care accounts for the vast majority of our customer care contacts.
- We provide customer services in our own shops, where we aim at maximizing customer satisfaction, among other things, by a front-line academy for employee training, best practices sharing systems between the different shops, and by incentivizing our employees.
- Our Relax option is a further key element of our customer services providing insurance and express repair services.

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

#### **Credit Management and Billing**

We bill our postpaid mobile customers directly. SIM cards, mobile phones and other devices can either be purchased directly from us or from one of our indirect distributors who, in turn, purchase them from us. We send



monthly bills to our postpaid mobile customers, payable within 18 days, and we monitor customer collections and payments. Overdue receivables in excess of 104 days from bill date are transferred to Intrum, a third-party factoring agency. We maintain a provision for estimated credit losses, based on a percentage of risk of payment default with reference to aging of overdue invoiced amounts. In particular, the provisions foresee different levels of risks for residential and business customers, sales partners and distributors, operators, and roaming partners. Our customer bad debt were respectively 0.6%, 1.3% and 3.1% of total revenue in the years ended December 31, 2012, 2013 and 2014. These losses are mainly related to retail postpaid customers. In 2014, two percentage points of the 3.1% was attributable to the delay in collections as a result of challenges in implementing our IT transformation. The automated collection process was restored during the fourth quarter of 2014.

We also offer direct debit and e-payment. While a significant majority of our customers pay electronically, the use of direct debit is generally unpopular in the Swiss market.

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

## **Network and Infrastructure**

### ***Mobile Access Network***

We offer mobile services through our 2G GSM/GPRS, 3G UMTS/HSPA and 4G LTE mobile access network comprising as of December 31, 2014 approximately 3,455 base stations equipped with 2G technologies (GSM/GPRS/EDGE), 2,738 base stations equipped with 3G technologies (UMTS/HSPA) and 2,431 base stations equipped with 4G technologies (LTE).

- our 2G mobile access network consists 96% of 1800MHz antennas that were deployed largely between 1999 and 2006. Approximately 95% of our 2G Base Transmitter Stations and all Base Station Controllers underwent a complete renewal in 2012. We estimated, as of December 31, 2014, our 2G network covered approximately 99.0% of the Swiss population (voice outdoor coverage).
- our 3G mobile access network currently comprises mainly 2100 MHz antennas and we are currently deploying in 900 MHz. We estimated, as of December 31, 2014, our 3G network covered approximately 96.0% of the Swiss population (voice outdoor coverage).
- our 4G mobile access network currently comprises mainly 1800 MHz antennas. We estimated, as of December 31, 2014, our 4G network covered approximately 90% of the Swiss population (data outdoor coverage).

We are currently in the process of gradually upgrading our mobile network from 4G (LTE) to 4G+ (LTE advanced), which means that the mobile internet speed will increase from up to 150Mbit/s to up to 300 Mbit/s. We initiated a new network strategy in the second half of 2010, with a particular focus on improving the network from a customer perception perspective. In 2013, we completed the RAN Renewal program that replaced old network equipment (mainly 2G) with new and better performing elements. This substantially improved the general network quality, the coverage as well as provided a multi-radio RAN enabling EDGE/HSPA+ capabilities and a faster 4G/LTE scalability (4th Generation).

In December 2012, we entered into a managed services agreement with Ericsson that covers all of our network operations in Switzerland, and in January 2013, we entered into an agreement with Nokia Siemens Networks to extend our radio access network and supply and build our network to deliver 4G (LTE) services. For a description of these agreements, see “—*Certain Contracts Relating to the Operation of our Business.*”

### ***Transmission and Transport Network***

Our mobile transmission and transport network comprises of a backhaul network (microwaves and leased lines), metro-rings, a national backbone network (core transport network), as well as an IT data network. Since 2012 we have completed an upgrade of our backbone network to enable the use of HSPA+ and LTE services as well as a backhaul refresh for all our 4G sites and 91% of our 3G sites. We expect to complete this backhaul refresh for the remaining 3G sites by the end of 2015.

## ***Landline Network***

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

## **IT Systems**

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

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

The systems are mainly hosted in three data centers (Crissier, Zürich and Equinix (an outsourced data center in Zürich) with the Core and VAS network elements located in Crissier and Zürich). We have outsourced our IT operations mainly to iGate (infrastructure, business applications and office systems) and Qvantel (CRM and billing services).

We have refreshed our legacy IT architecture in order to consolidate order management, CRM and billing services (which had previously been allocated separately by distribution channel), and in-source ISP capabilities, which we believe has improved efficiency along with customer care and sales productivity. See “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures and Investments.*”

## **Licenses**

We believe that we hold all necessary licenses to operate our business, see “*Regulation.*” We are licensed to provide mobile telecommunications services in Switzerland and Liechtenstein. In Switzerland, our license awarded in the 2012 spectrum auction is due to expire on December 31, 2028. This spectrum license is a technology neutral license which includes the 800 MHz, 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz spectrum awarded to us. This license covers the complete spectrum allocated to us and replaces the previous GSM license (expired on December 31, 2013) and the UMTS license (scheduled to expire on December 31, 2016). Our licenses to operate point-to-point radio relay systems expire on December 31, 2016. In Liechtenstein, we were awarded a new license on January 30, 2015. This spectrum license is a technology neutral license which includes the 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz spectrum awarded to us. This new license covers the complete spectrum granted to us and replaces the previous GSM and UMTS licenses

As a result of the auction, we believe we have secured an adequate amount of spectrum, in-line with our two main competitors, Sunrise and Swisscom, to keep developing our network and to address our future needs with respect to new generation services. In addition, we have obtained the best price per MHz compared to Sunrise and Swisscom. See “*Regulation—Mobile Regulatory Environment—2012 Spectrum Auction.*” We also believe that we secured appropriate frequency spectrums for expanding our mobile broadband network and for investing in new technologies, including 4G.

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

## **Certain Contracts Relating to the Operation of Our Business**

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

### ***Sourcing of Mobile Handsets, SIM Cards and Accessories***

We have stand-alone agreements with key suppliers of handsets, SIM cards and accessories, including Apple, Samsung, Sony Mobile, HTC, Nokia, LG, TCT Mobile, ZTE, Morpho Cards GmbH and Huawei Technologies. We entered into our current contract with Samsung on July 1, 2014 for a term of two years. The contract with Apple terminated on March 31, 2015 and is currently under negotiation for a new term of three years. We continue to operate under the terms of the old agreement pending renegotiation. See “*Risk Factors—Risks Related to Our Market and Our Business—We do not have direct contracts with all of our key sourcing partners.*”

### ***Network Outsourcing Agreements with Ericsson and Nokia***

We entered into a managed services agreement with Ericsson in December 2012 with a regular term of five years. This agreement covers all of our operations in Switzerland, including network management, field maintenance and spare parts management. In January 2013, we entered into a two-year agreement (extending for consecutive periods of twelve months) with Nokia Solutions with respect to mobile network infrastructure, including maintenance and outsourcing. Under this agreement with Nokia Solutions, we intend to extend our radio access network and supply and build our network to deliver 2G/3G/4G (LTE—long term evolution) services. This turnkey delivery agreement covers all build activities such as site acquisition, build permit procedures, upgrades and the supply of hardware and software and its maintenance for our mobile network.

### ***Wholesale Agreements***

#### ***Interconnection Agreements***

We have entered into separate interconnection agreements with Swisscom, Sunrise and upc cablecom regarding the connection of our network with their respective networks. For international interconnections, we have further entered into interconnection agreements with Belgacom, France Telecom, Telefonica O2 Czech Republic and Vodafone regarding the international connection of our network with their respective networks.

#### ***Wholesale reseller agreement with VTX***

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

### ***Agreements with MVNOs and Resellers***

We currently have agreements with several MVNOs in Switzerland (upc cablecom, Transatel and Voiamo) and are in negotiations with further potential providers of MVNO services. Under the MVNO agreements, we provide other mobile telecommunications operators that do not possess their own network infrastructure with access to our network. In return, the MVNOs pay us a fixed price for the services and usages. MVNOs operate their own distribution channels and conclude contracts with their end customers under their own name and brand. They also determine the pricing applicable to the end customers. Under our reseller agreements with Coop and certain business to business reseller agreements, Coop and the other relevant counterparts offer prepaid and postpaid products and services. In May 2014, the reseller agreements with Coop were extended until the end of 2018.

### ***Distribution Agreements***

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

With regard to warehousing and distribution, we entered into a Service Agreement for Logistics Services and an extension agreement relating to this contract with ALSO Schweiz AG, our main logistics partner. The agreement has an indefinite term and provides for a three months' notice period for termination, at the earliest as per July 31, 2016.

#### ***IT-Services Outsourcing Agreements with Qvantel and iGate***

On March 21, 2013 we entered into a managed service agreement with Qvantel Oy Finland for a managed service contract for the delivery of customized billing and business support systems for an initial term of three years from the first production bill run, which will end on March 8, 2017. On June 19, 2013, we entered into a managed service agreement with iGate Global Solutions Ltd. for the outsourcing of infrastructure, enterprise and office IT applications with an initial term of five years and option to extend for an additional twelve months.

#### ***Outsourcing Agreements with Teleperformance***

On May 1, 2011 and May 1, 2013, we entered into outsourcing agreements with Teleperformance Schweiz LibertyCall AG and Teleperformance Portugal, respectively, regarding the provision of call center services. The agreement with Teleperformance Schweiz LibertyCall AG had an initial term of three years, which we renewed in 2014. The agreement with Teleperformance Portugal is valid until April 30, 2015, which we expect to renew prior to expiry. Both agreements contain customary termination events.

#### ***Cooperation Agreement with upc cablecom, ewz and Swisscom***

In September 2013, we entered into a ten-year agreement with upc cablecom for the supply and implementation of 900 1 Gbps leased lines replacing low capacity microwaves and transmission lines at 4G sites to guarantee seamless data consumption by our customers using LTE. We expect that the implementation will be complete by the end of 2015. In September 2013, we entered into a cooperation agreement with ewz for the optic fiber connection of an initial 130 4G antennas in the city of Zurich. The agreement allows us to draw on the experience and expertise of ewz in the installation and operation of optical fiber connections as we continue to increase the capacity of our 4G network in Zurich. ewz has installed optical fiber connections, is responsible for their operation and is providing us with new locations for additional antennas in some cases and "small cells." By using small cells and connecting our antennas to the core network using optical fibers, we intend to increase our capacity even further and to densify the network in very busy locations. In October 2014, we signed a five-year high capacity leased lines agreement (1Gbps) replacing low capacity leased lines with Swisscom. This agreement allows us to secure on a large scale the high capacity transmission of our 4G network by ensuring coverage that is geographically broader and more densely concentrated.

#### **Legal Proceedings**

We are subject to various legal proceedings in the ordinary course of our business. Antenna site disputes are common issues for mobile telecommunications network operators, including us. We are currently subject to approximately 130 antenna cases where the required permits and/or the lease agreements for antenna sites are being disputed. See "*Risk Factors—Risks Related to Our Market and Our Business—We face legal and regulatory dispute risks.*" The number of antenna site disputes has been stable over the past years. In addition, we are subject from time to time to audits and investigations, some of which may in the future result in proceedings being instituted against us. See "*Risk Factors—Risks Related to Our Market and Our Business—Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas.*"

#### **Environmental Matters**

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

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

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

We enacted various guidelines—in particular with regard to the quality of antenna sites and minimization of safety risks in connection with non-ionising radiations—as well as a health and safety policy. We have further obtained ISO 9001:2008 system certifications in connection with the circular of the Federal Office for the Environment regarding the quality assurance for compliance with the limits of antenna radiation dated January 16, 2006. The certification is valid from August 30, 2013 until August 29, 2016. We passed a regular verification audit in June 2014 without any nonconformities and are due for annual verification in June 2015. The next full re-certification audit is due on August 29, 2016.

### **Employees and Pension Obligations**

As of December 31, 2014, our headcount comprised 955 full time equivalents (“FTEs”) split into the following positions: 89.9% of our employees were full-time employees and 10.1% part-time. As of December 31, 2012, our headcount comprised 1,084 FTEs. In February 2013, we announced a transformation program designed to reduce operating costs and make our business more customer-focused. In 2013, we reduced our workforce by 122 full time employees. The initial phase, which was implemented in March 2013 and June 2013, led to a reduction of 89 FTEs, mostly in corporate functions, and the second phase, which was implemented in November 2013, led to a reduction of 33 FTEs, thus enabling us to modernize and simplify our business processes.

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

We provide retirement benefits to our employees as required by Swiss law by means of a pension fund that is a separate legal entity. The pension fund is organized as defined contribution scheme (treated as a defined benefit agreement for the purposes of IFRS) and consists three pension plans. The basic pension plan 1 covers all employees with an annual salary below 3.5 times the maximum basic old age pension, i.e. currently approximately CHF 98,700. The basic pension plan 2 covers all employees who are not members of our management with an annual salary equal or above 3.5 times the maximum basic old age pension mentioned above. For members of management, there exists a specific basic pension plan 3.

As of December 31, 2014, we had a pension liability of CHF 40.7 million (under IFRS). See “*Risk Factors—Risks Related to Our Market and Our Business—Our pension liability may reduce our cash flows, profitability, financial condition, net assets, distributable reserves and our ability to pay dividends.*”

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

### **Property and Leases**

We currently use six office buildings and approximately 85 own shops. We lease five of the six offices buildings, including our headquarters in Renens, and we entered into a sale and lease back arrangement with respect to our office/call center in Biel in March 2012. We own our office/storage building in Crissier measuring approximately 656 square meters.

We currently own approximately 3,455 2G GSM/GPRS base stations (BTS), 2,738 3G UMTS/HSPA base stations (node-B) and 2,431 4G LTE base stations at approximately 3,942 antenna sites. We lease the antenna sites from their respective owners. We use additional sites, regarding which we entered into joint use or similar agreements with the respective owners of the antenna sites.



## **Intellectual Property**

### ***Orange Brand Licensing Agreement***

On December 23, 2011, in connection with the entry into the Apax Acquisition Agreement, we entered into a brand license agreement with Orange Brand Services Limited, which became effective in February 2012. Under the terms of the brand license agreement, we had a license to use the *Orange* brand for a period of three years, subject to termination in certain instances.

On March 31, 2015, we announced plans to carry out a rebranding process. We control and own all intellectual property related to our new brand name, which has been developed in-house with support from international experts. We will announce our new brand name in the near term. In connection with our rebranding, we expect to incur total one-off marketing, legal and IT expenses and capital expenditures of approximately CHF 40 million, most of which will be incurred in the first half of 2015, in addition to our ongoing marketing and advertising costs.

## **Insurance**

We maintain insurance coverage in amounts that we believe are sufficient to insure appropriately our risks, including insurance for third-party liability, property damage / business interruption, director and officer liability, buildings, construction and erection, special technical equipment and various other insurances.

## REGULATION

### Overview

Our activities in Switzerland are subject to statutory regulation and supervision by various Swiss national authorities, in particular ComCom and OFCOM. In addition to ComCom and OFCOM, ComCo and the Swiss price supervisor are also involved in regulatory issues relating to the telecommunications sector. Further, the Post and Telecommunications Surveillance Service (“PTSS”) is responsible for gathering data from telecommunications service providers if requested by law enforcement agencies and required for criminal investigations.

The relevant regulatory framework is set forth mainly in the Swiss Telecommunications Act (*Fernmeldegesetz* or “FMG”) and associated ordinances and regulations (*e.g.*, the Swiss Federal Ordinance on Telecommunications Services (*Verordnung über Fernmeldedienste* or “FDV”)), but also in the Swiss Cartel Act and some further pieces of legislation, such as the BUPF, the VUPF and the Swiss Radio and Television Act (“RTVG”).

While Switzerland is not a member of the European Union and is, therefore, not subject to the EU telecommunications regulation, the liberalization of the Swiss mobile telecommunications market has moved largely in parallel with the deregulation of the telecommunications market in the European Union, and it is likely to further develop in line with developments in the European Union. However, there are some conceptual differences, the most important regarding mobile telecommunication being subject to *ex-post* regulation in Switzerland as opposed to *ex-ante* regulation in the European Union, and the lack of specific regulation on international roaming in Switzerland, it being understood that general principles of the Swiss Cartel Act, however, apply.

The Swiss mobile telecommunications market was liberalized in 1998, when the FMG came into effect. While considerable achievements were made under the 1998 liberalization regime, some deficiencies were identified, which led to a partial but important revision of the FMG in 2007.

### Telecommunications Industry Regulation

#### General

The general framework for the transmission of information by means of landline and mobile telecommunication is set out in the FMG and associated ordinances and regulations. The scope of the regulation of the FMG includes all legacy landline and mobile voice transmission, narrow and broadband data transmission, as well as the transmission of television and radio programs (irrespective of the infrastructure used, but subject to overriding provisions of the RTVG).

According to the FMG, all providers must possess the technical skills and capabilities necessary to offer telecommunications services, they must comply with the applicable laws and regulations, obey the labor laws and particular labor conditions in the industry, and offer a reasonable number of apprenticeships. The FMG also sets forth general rules on resources, including rules regarding fixed line and mobile numbers, a fully-liberalized regime on telecommunications equipment, such as devices, installations, that only regulates technical compliance, a particular regime on universal services, including financing, confidentiality of the contents of communications, data protection, and particular obligations of telecommunications providers to protect vital national interests in certain extraordinary circumstances. The FMG provides certain sanctions for violations of the law, in particular penalties for abuses, such as manipulation and prohibited use of information and interference with telecommunications, and the potential withdrawal of the licenses.

The FMG also sets forth general rules on: (i) resources, including rules regarding landline and mobile numbers; (ii) telecommunications equipment, such as devices and installations; (iii) universal services, including financing (in practice, Swisscom is the only licensed provider of universal services), confidentiality of the contents of communications, and data protection; (iv) notification requirements and licenses; (v) granting of access by dominant providers; and (vi) particular obligations of telecommunications providers to protect vital national interests in certain extraordinary circumstances. Chapter 9 of the FMG (Articles 49 to 55) provides certain penalties for abuses, such as manipulation and prohibited use of information and interference with telecommunications and for other violations of the law. Any manipulation or abuse of communicated information or interference with telecommunications may be punished by imprisonment and fines. Less serious breaches, including, but not limited to, breaching notification and registration duties, are subject to fines that range from CHF 5,000 to CHF 100,000, depending on the specific facts of the case. While ComCom and OFCOM are the governing bodies that supervise the telecommunications market in Switzerland and enforce the regulatory framework, the FMG provides the due process regime.

## ***Telecommunications Installations***

In Switzerland, a permit by the cantonal or municipal authorities is generally required to construct telecommunications installations. Antennas are the most important telecommunications installations. The radio spectrum licenses do not grant the right to obtain such permit.

Depending on whether an antenna is planned within or outside of a building zone, different requirements by different authorities apply, i.e. the provisions regarding antennas within a building zone are defined by the cantons and towns whereas the provisions regarding antennas outside of a building zone (for which permits are only granted in exceptional cases) are defined at the national level. In addition, apart from the provisions regarding spatial planning, the provisions regarding nature and landscape protection, the protection for built landscapes, the protection from radio emissions, the protection from non-ionizing radiation with lower limit values for specific installations (e.g., 6 v/m for high bands, compared to similar general exposure limit values of, e.g., 61 v/m for high bands) than in the European Union, as well as the provisions of the FAV regulating technical compliance need to be taken into account. Numerous decisions of cantonal and federal courts have been issued in connection with telecommunications installations, which are relevant for future construction permits. In order to secure consistency in the application of various requirements, the federal authorities have issued guidelines regarding the construction of antennas. These guidelines, inter alia, set forth principles for the responsible authorities when deciding on the permit to construct an antenna. Furthermore, our license explicitly sets forth that we are obliged to respect, inter alia, the statutory provisions regarding spatial planning, protection from radio emissions, nature and landscape protection as well as the protection of built landscapes and the respective guidelines of the responsible federal authorities as well as the ordinance on the protection from non-ionizing radiation.

Accordingly, there is a risk that the further deployment of our mobile network could encounter problems and delays due to disputes and discussions regarding the positioning of particular antennas. All telecommunications service providers, including us, face certain disputes and particular negotiation situations in relation to the construction of antennas, see *“Risk Factors—Risks Related to Our Market and Our Business—Our business may be adversely affected by actual or perceived health risks and other environmental requirements relating to mobile telecommunications transmission equipment and devices, including the location of antennas.”*

## ***Access Regime***

Pursuant to the FMG, any provider of telecommunications services that is determined to be market dominant must, upon request by another telecommunications provider, provide the following minimum access to its infrastructure and services on a transparent and non-discriminatory basis and at cost-based prices in accordance with the long run incremental costs (“LRIC”) method:

- fully unbundled access to the local loop;
- bitstream access to offer broadband services during four years after the launch of the access service;
- direct billing to unbundled customers (*i.e.* re-billing for fixed network local loops);
- interconnection services (including, at a minimum, origination, transit and termination of calls, number identification and suppression, access to value-added services (08xx, 09xx), and third-party physical interconnection for connection of services);
- leased lines; and
- access to cable ducts with sufficient capacities.

The above obligations to grant access apply to both mobile and landline telecommunication network operators, with the exception of the mandatory local loop unbundling which is limited to incumbent Swisscom’s legacy landline infrastructure (twisted copper pair local loops) and notably excludes cable, fiber and mobile infrastructures. This exclusion has been criticized by ComCom in 2010 and the Swiss Federal Council in its latest supplementary evaluation of the Swiss mobile telecommunications market in March 2012. In its latest report of late November 2014, the Swiss Federal Council emphasized the need for extending cost-based access regulation from copper to fiber. In addition, bitstream access should be granted where access lines cannot be operated by individual operators, *e.g.*, for FTTB technologies. As announced in March 2012, the administration will prepare a draft revision of the FMG before the end of the current legislative period (2011-2015). However, the Swiss Federal Council proposes to introduce such amendments only in a second phase in order not to disturb current investments in the roll-out of fiber access. An important consequence for us would be that access to modern infrastructures, such as FTTH will be available for the foreseeable future only in accordance with market conditions. However, Swisscom, upc cablecom and local utility operators are, in view of the threat of new regulation, under pressure to provide access to FTTH at non-discriminatory and competitive conditions.

## ***Procedures and Disputes on Access***

A provider that is determined to be market dominant must publish the technical and financial conditions of its mandatory access services. If such market dominant provider chooses to offer additional access services at non-regulated conditions, it must publish those conditions as well. Non market-dominant providers may also offer a variety of access services at transparent, though unregulated, conditions. These offerings are generally published by the regulatory authority as well.

Access must be granted at cost-based prices. The provisions regarding the calculation of cost-based prices in the FDV were revised recently and the amendments became effective on July 1, 2014. The calculation is based on the LRIC, an added constant premium based on a proportional share of the relevant joint and common costs and a return on the capital used for investments as well as the replacement costs of modern equivalent assets (current cost accounting). According to the revised FDV, ducts are assessed based on infrastructure renewal accounting. Since January 1, 2014, costs are based on a modern fiber and IP-infrastructure (next generation network and access).

Upon request, access is granted by entering into an access agreement and an interconnection agreement (together referred to as “IC Agreements”). All IC Agreements, irrespective of whether a market dominant provider is involved, must be disclosed to OFCOM and OFCOM, upon request, provides access to IC Agreements to any interested party, unless justified private or public interests prevail.

The mandatory access regime for market dominant providers is an *ex-post* regulation scheme. The regulator (ComCom) determines the conditions and prices of access services of market dominant providers only upon request and only if negotiations during a three-month negotiation period have failed. The subject of an access dispute may concern whether the defending provider is market dominant, the scope of mandatory access obligation (or whether the defending provider, if deemed market dominant, must offer the technical access service as particularly requested by the claiming provider), and/or the price or other conditions at which the requested access should be granted. In summary, ComCom will only issue an order setting the scope of the access and the price conditions if the defending provider is held market dominant, the requested access is considered mandatory, and the parties disagree on the price or other terms.

In its report of 2014 the Federal Council states that regulating network access is crucially important for safeguarding competition in the telecoms market. In a first revision stage of the FMG, the Federal Council will therefore examine whether the ComCom shall be able to step in officially if it observes behavior that obviously contravenes the provisions of the FMG. Today a market participant has to file a complaint with the ComCom in order to leverage its statutory access rights. This is very cumbersome for small providers. With the contemplated changes to the FMG, ComCom would be granted the authority to intervene *ex-officio* in an *ex-ante* procedure in the event it detects material non-compliance with access regulations without a complaint of a market participant. Under such amended law, the risk increases that we would need to grant access to our infrastructure at unfavorable terms. Notwithstanding, a draft bill with this contemplated provision will not be issued before the end of 2015 and could take up to three to five years before any revision of the FMG is agreed. The approval of the Swiss Parliament and Swiss voters, if a referendum will be held, are both necessary before the revised FMG would come into force.

## ***Universal Services***

The regime on universal services regulates services to be offered throughout Switzerland to the entire population (including in remote regions). The provision of universal services requires ComCom to grant a license (*Grundversorgungskonzession*) for a limited time based on specified conditions. The Swiss Federal Council (*Bundesrat*) resolved to double the required speed for uploads and downloads effective as of January 1, 2015. Theoretically, any telecommunications provider may apply for a universal services license, which are auctioned and allocated to those providers that best satisfy the quality requirements. As a matter of practice, however, Swisscom is the only owner of a universal services license in Switzerland and is, thus, obliged to supply a certain range of high-quality voice telephony, data transmission and additional services at (*ex ante*) regulated prices, while complying with the technical specifications issued by OFCOM. In return, Swisscom receives government compensation to cover parts of the costs incurred for providing universal services. This compensation is funded by fees obtained from all registered telecommunications service providers in Switzerland, including us, on the basis of each provider's gross revenue.

## Mobile Regulatory Environment

### License Obligation

Providers of mobile telecommunications services that wish to maintain their own mobile network must obtain licenses from ComCom or, in certain cases, from OFCOM to use radio frequencies. In Switzerland we currently hold the license awarded in the 2012 spectrum auction (see “2012 Spectrum Auction”) which is due to expire on December 31, 2028. This spectrum license is a technology neutral license which includes the 800 MHz, 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz spectrum awarded to us. This license covers the complete spectrum granted to us and replaces the previous GSM license (expired on December 31, 2013) and UMTS license (due to expire on December 31, 2016). Our licenses to operate point-to-point radio relay systems (*Richtfunkkonzessionen*) expire on December 31, 2016, which we expect to renew prior to expiry. In Liechtenstein, we were awarded a new license on January 30, 2015. This spectrum license is a technology neutral license which includes the 900 MHz, 1800 MHz, 2.1 GHz and 2.6 GHz spectrum awarded to us. This new license covers the complete spectrum granted to us and replaces the previous GSM and UMTS licenses. In March 2015, the Federal Council (*Bundesrat*) was mandated by the Swiss Parliament to prepare appropriate steps or propose legislation in order to reduce license fees for point-to-point directional wireless communications (*Richtfunkkonzessionsgebühren*). The matter is currently pending with the Federal Council.

### 2012 Spectrum Auction

In February 2012, OFCOM, on behalf of ComCom, auctioned at the time free mobile radio frequencies and those which became free by 2014 and will become free by 2017, including those of the so-called digital dividend (former broadcasting frequencies). As a result of this new award, more spectrum is available to the mobile operators than they previously had in service and mobile operations are better able to meet the rapidly growing demand for mobile broadband services, expand their networks using the latest mobile radio technologies such as LTE (Long Term Evolution) and to offer high-quality mobile radio services to consumers in Switzerland. Under the auction process, the new frequency allocation between the three mobile operators Orange, Sunrise and Swisscom, was determined by the bidders rather than a public authority. Orange obtained 160 MHz spread between the seven bands available for a purchase price of CHF 154.7 million. The licenses granted to Orange in the auction are valid until December 31, 2028. On July 4, 2012, Orange opted to pay for its spectrum allocations in installments of 60% (equivalent to CHF 92.8 million) by August 6, 2012, 20% by June 30, 2015 and the remaining 20% by December 31, 2016. The first spectrum installment payment of CHF 92.8 million was made on July 24, 2012.

As a result of the auction, we believe we have secured an adequate amount of spectrum, in-line with our two main competitors, Sunrise and Swisscom, to keep developing our network and to address our future needs with respect to new generation services. In addition, we have obtained the best price / MHz (CHF 1.0 million / MHz; compared to CHF 3.0 million / MHz for Sunrise and CHF 1.4 million / MHz for Swisscom) and have received a sufficient spectrum allocation of 28%, compared to 28% for Sunrise and 44% for Swisscom. The detailed result of the auction is as follows:

<u>MHz</u>	<u>Orange</u>	<u>Sunrise</u>	<u>Swisscom</u>
800 .....	20 MHz	20 MHz	20 MHz
900 .....	10 MHz	30 MHz	30 MHz
1800 .....	50 MHz	40 MHz	60 MHz
2100 paired .....	40 MHz	20 MHz	60 MHz
2600 paired .....	40 MHz	50 MHz	40 MHz
2600 unpaired .....	—	—	45 MHz
<b>Adjudication price .....</b>	<b>154,702,000</b>	<b>481,720,000</b>	<b>359,846,000</b>

Source: ComCom/OFCOM media conference, February 23, 2012

### Network Infrastructure Roll-out and Deployment

With regard to the roll-out and further deployment of our mobile network in Switzerland, we are particularly subject to the proceedings and regulations concerning the construction and maintenance of antennas. All mobile operators face, in the ordinary course of business, certain disputes and particular negotiation situations in relation to the deployment of particular antennas. See “Risk Factors—Risks Related to Our Market and Our Business—We face legal and regulatory dispute risks.” Further, the radio emissions of antennas are subject to both



regulation that is more rigid than in the European Union and public discussion. Accordingly, there is a risk that the further deployment of our mobile network could encounter problems and delays due to disputes and discussions regarding the positioning of particular antennas. See “*Business—Legal Proceedings*.”

### **Pricing**

As to pricing, mobile telecommunications providers are free to set wholesale (such as roaming or call termination) and retail prices, subject to antitrust standards applicable in general and interconnection obligations as set forth in the access regime discussed above. Following a request from another mobile network operator, ComCom could, pursuant to the FMG, regulate MTRs (or other types of interconnection and/or access fees) on a LRIC basis if the operator was held to be market dominant in the relevant market. In connection with MTRs, ComCo has found that the nationwide mobile network of each operator (including ours) is to be seen as a distinct product market where every operator has a market share of 100%. We may not exclude the possibility that one of our competitors could invoke interconnection and request from ComCom (and, following an appeal, the courts) to oblige us to interconnect at regulated (LRIC) prices, thereby lowering our MTRs.

Further, there is constant political pressure to lower MTRs and retail prices for mobile telecommunication in general. Swiss mobile operators, including us, had also been under antitrust scrutiny for alleged abuse of market dominant positions for the termination of mobile voice traffic in their respective networks. This investigation was terminated by ComCo in December 2011, without the imposition of any penalty on the involved parties. ComCo’s decision to terminate the investigation can no longer be appealed.

In September 2011, the National Council (*Nationalrat*) voted in favor of a motion brought by a member of the Swiss Parliament to define maximum limits on international roaming prices. In November 2014, the Swiss Federal Council (*Bundesrat*) published a report on developments in roaming prices and potential regulatory measures recommending not to regulate roaming tariffs. As a result of political debates, political pressure and the pressure from regulatory authorities, all Swiss operators reduced their roaming prices. In January 2015, a committee of the Council of States (*Ständerat*), however, recommended to follow a parliamentary motion to enact maximum roaming tariffs. In March 2015, the Council of States (*Ständerat*) rejected the motion to regulate roaming tariffs due to the recent price reductions of Swisscom, Sunrise and ourselves, but the Swiss Federal Council and the Swiss Federal Price Supervisor continue to observe the development of roaming prices. The Swiss Federal Council and the Swiss Federal Price Supervisor both indicated that the impact of the local break out regulations in the European Union and the voluntary implementation of such local break out options by Swiss telecommunication services providers for their customers should be further observed. If the local break out regulation in the European Union has the intended effect and if Swiss telecommunication providers do not voluntarily implement such local break out options, the Swiss Federal Council may consider implementing additional measures.

### **Landline Regulatory Environment**

Providers of telecommunications services in Switzerland are not subject to any authorization or licensing requirements but have an obligation to notify OFCOM of their intent to provide such services. OFCOM maintains a public list of registered telecommunications providers. The Company has been registered with OFCOM as landline telecommunication services provider since January 1, 2001. Foreign entities that wish to offer landline telecommunications services in Switzerland are, in addition to the requirement to register, subject to bi- or multilateral conventions and ComCom may prohibit a foreign entity from providing landline telecommunication services in Switzerland if the foreign provider’s country of origin does not grant the same operational freedom to Swiss incorporated providers offering services in that particular country of origin.

A landline telecommunication services provider may base its services either on its own landline network infrastructure or on the infrastructure of other providers by means of interconnection agreements. Any provider of telecommunication services may invoke the access regime, as discussed above, to access other providers’ infrastructure for the provision of its own services. Further, the infrastructure of providers that are determined to be market dominant may be used at regulated conditions and prices.

Pursuant to the regulatory framework, landline telecommunications providers are free to set their wholesale and retail prices for landline telecommunications services, with the exception of providers that have been determined to be market dominant by OFCOM, who have to offer certain access services at (*ex-post*) regulated prices, and providers of universal services, who are subjected to *ex ante* regulation of universal services.

Currently, we do not own a landline network and provide our landline services based on a reseller agreement with VTX Services (that itself entered into a wholesale and a carrier pre-selection agreement with

Swisscom). On that basis we offer broadband internet as well as landline telecommunication services (except for carrier pre-selection and interconnection services). We have so far not requested access to the local loop and our landline operations, therefore, are not subject to the regulations concerning landline telecommunications services set out above. This would change if we decided to request access to the local loop in the future.

## **Other Regulatory Environment**

### ***Regulation on Transmission of TV and Radio Programs***

The transmission of TV and radio programs is considered a telecommunications service and is, therefore, subject to the regulations set forth in the Swiss Telecommunications Act. Accordingly, while transmissions over mobile networks require mobile licenses, no such license is required for transmissions over landline networks.

TV offerings, such as our current mobile TV offering “Orange TV” and our OTT transactional and subscription video on demand offering “CineHome” are further subject to specific regulations pertaining to the Swiss TV and radio market and particularly the RTVG. Under the RTVG, a mobile and/or landline network operator that transmits TV and radio programs in particular needs to offer distribution to all broadcasters on a non-discriminatory basis. The RTVG further regulates the permitted contents of TV and radio and network operators must comply with orders of the regulator (OFCOM) not to distribute prohibited content. Finally, the RTVG sets forth regulations for operators regarding content that must be carried.

### ***International Roaming***

Currently, Switzerland does not provide for any regulation on roaming. In 2011, the Swiss National Council approved the motion calling for “an end to exorbitant mobile charges abroad.” A similar motion was passed in spring 2013. The motion calls for fixed and binding maximum tariffs to be adopted by all telecommunication providers for inbound and outbound calls, SMS messages and data transfers abroad. The Swiss Council of States decided in March 2013 to suspend the motions until the end of 2014 and to commission the Swiss Federal Council (*Bundesrat*) to deliver a report to the Swiss Parliament by the end of 2014 on the trend in roaming prices, which was published in late November 2014. The Swiss Federal Council (*Bundesrat*) recommended not to regulate roaming tariffs, but to include specific instruments in a revision of the Swiss Federal Telecommunications Act (*Fernmeldegesetz*), such as local break out and specific charging obligations. In March 2015, the Council of States (*Ständerat*) ultimately rejected the motion to regulate roaming tariffs due to the recent price reductions of Swisscom, Sunrise and ourselves. In light of this development, we believe that the likelihood of regulation of international roaming prices in the short-term is low.

### ***Network Neutrality***

In June 2014, the Swiss National Council approved the motion calling for the legal enforcement of network neutrality, although the Swiss Federal Council (*Bundesrat*) recommended to reject the motion. OFCOM established a voluntary network neutrality working group with the task of publishing a report by the fall of 2014 without proposing new regulations. In its report published in late November 2014, the Swiss Federal Council limits its proposals to the introduction of transparency requirements for differentiated services and subsequent monitoring of market developments to evaluate future regulation if necessary. In January 2015, a committee of the Council of States (*Ständerat*) followed the Swiss Federal Council and made a recommendation against the introduction of regulatory interventions going beyond transparency requirements. In March 2015, the Swiss Council of States, as the second chamber of parliament, rejected the introduction of network neutrality regulation. Nonetheless, at this stage we cannot exclude the possibility of future regulation. In case such new regulations were introduced, we would face the risk of an enforcement of network neutrality which could lead to additional restrictions in providing internet-based services.

The largest Swiss ICT companies (Swisscom, Sunrise, ourselves, upc cablecom and Swisscable) recently agreed on a code of conduct regarding network neutrality in order to ensure open internet access in Switzerland. Under the code of conduct, the providers undertake not to lock services and applications and not to limit the freedom of speech and information. The code of conduct aims for all users to have access to the full range of content, services, applications, hardware and software. Internet providers are required to inform their customers upon request on whether and to what extent the capacity of the customer’s internet connection is shared with services other than internet services. Users may call upon a conciliation body in the event of a provider’s alleged breach of obligations under the code of conduct. The conciliation body will continuously evaluate the code of conduct and its impact on the openness of the Internet and will report on this subject matter on an annual basis.

### ***Surveillance of Telecommunications Services***

Pursuant to the BUPF, a telecommunications service provider is, upon request of the PTSS, obliged to gather data required for criminal investigations. Telecommunications service providers are therefore required to maintain own infrastructure appropriate for such surveillance and to be capable of running surveillance operations at any time. Further, telecommunications service providers are bound to provide the PTSS with the names of particular internal contact persons. The revision of the BUPF is currently the subject of parliamentary deliberation. The current draft amendment proposes an extension of the surveillance obligations, but past drafts also proposed abolishing the compensation fee for any surveillance/reporting work conducted by mobile operators and internet service providers. We face the risk of extended surveillance obligations which could result in additional capital expenditures and increased operational costs. The contemplated amendments to the BUPF provide for a fine up to a maximum of CHF 100,000.

Additional surveillance and/or reporting obligations may arise from the new Federal Intelligence Services Act, which is currently the subject of parliamentary deliberation.

### ***Further Regulations***

Telecommunications service providers are subject not only to the regulatory framework set forth in the FMG and associated ordinances, but also to a number of other laws, regulations and governmental activities that may affect their business, including antitrust law, the law against unfair competition, laws on data protection, laws on surveillance of post and telecommunications and, in case of excessive pricing by providers determined to be market dominant, general price regulation. A range of further laws are of relevance to our business, in particular laws on environment and public health, property and intellectual property, as well as laws on land use regulation and public and private construction.

## MANAGEMENT

### The Issuers

#### *The Senior Secured Notes Issuer*

The Senior Secured Notes Issuer is a *société anonyme* organized and existing under the laws of Luxembourg. The directors of the Senior Secured Notes Issuer are Olivier Rozenfeld, Yann Leca and two independent directors from Luxembourg: Geoffrey Henry and Leonardo Vozzi. The address for each of the directors of the Senior Secured Notes Issuer is at Matterhorn Telecom S.A., 1-3 Boulevard de la Foire, L-1528 Luxembourg.

#### *The Senior Notes Issuer*

The Senior Notes Issuer is a *société anonyme* organized and existing under the laws of Luxembourg. The directors of the Senior Notes Issuer are Olivier Rozenfeld, Yann Leca and two independent directors from Luxembourg: Geoffrey Henry and Leonardo Vozzi. The address for each of the directors of the Senior Notes Issuer is Matterhorn Telecom Holding S.A., 1-3 Boulevard de la Foire, L-1528 Luxembourg.

### The Company

#### *Board of Directors*

The current board of directors of the Company (the “Board”) consists of the following persons: Xavier Niel, Olivier Rozenfeld, Michael Golan, Thomas Sieber and Johan Andsjö. The address for each of the directors and executive officers of Orange is Rue du Caudray 4, CH-1020 Renens, Switzerland.

#### *Executive Officers*

Set forth below is information concerning certain executive officers of the Company.

<u>Name</u>	<u>Position</u>
Mr. Johan Andsjö . . . . .	Chief Executive Officer (CEO)
Mr. Yann Leca . . . . .	Chief Financial Officer (CFO)
Mr. Matthias Hilpert . . . . .	Chief Commercial Officer
Mr. Tonio Meier . . . . .	Chief Customer Operations Officer
Mrs. Britta Reinhardt . . . . .	Chief Business Officer
Mr. Johan Hall . . . . .	Chief Technology Officer
Mrs. Amelia Räss-Fernandez . . .	Chief Human Resources Officer

*Johan Andsjö* has served as Chief Executive Officer of the Company since October 1, 2012. Prior to this, Mr. Andsjö was the Chief Executive Officer of the mobile operator Yoigo in Spain. He held that position since 2006 when the company was launched in Europe. Mr. Andsjö has 19 years of experience in the telecommunications industry within the Teliasonera group. He has had experience in several key senior management roles in various countries including Sweden, Spain, Brazil and the Nordic footprint. Mr. Andsjö holds a Bachelor of Science degree from the Royal Institute of Technology.

*Yann Leca* has served as Chief Financial Officer (CFO) of the Company since November 26, 2012. Between 1998 and November 2012, Mr. Leca was the Chief Financial Officer of Polyconcept, a promotional products company with revenue in excess of CHF 800 million and close to 3,000 staff worldwide, and a portfolio company of Investcorp previously owned by BC Partners. Mr. Leca actively participated in all of the development stages of Polyconcept and was appointed Chief Executive Officer of all its core activities in 2010. In 2012, he was also appointed as the Chief Operating Officer of Polyconcept. Mr. Leca graduated from HEC Paris in 1988 and from Harvard Business School’s AMP in 2012.

*Matthias Hilpert* has served as Chief Commercial Officer since March 2011. He has 13 years of experience in the telecommunications industry. Mr. Hilpert joined France Telecom in 2002 and held different senior positions within the group since that date, including most recently Chief Sales Officer and VP Sales & Distribution of Orange Dominican Republic. Mr. Hilpert began his career in telecommunications with Avalas AG as CEO in 1999, before joining Vodafone Group in the United Kingdom in 2001. Mr. Hilpert graduated from the Ludwig Maximilian University of Munich (Diplom-Kaufmann/MBA equivalent), the University of Edinburgh and the Friedrich Alexander University of Erlangen Nuremberg.

*Tonio Meier* has served as Chief Customer Operations Officer since July 2010 and has been with the Company since 1999. He has 16 years of experience in the telecommunications industry. Before becoming VP of Customer Care of the Company, he served as Director of Customer Service of the Company for two years. Mr. Meier holds a BBA from the University of Applied Sciences, Bern.

*Britta Reinhardt* has served as Chief Business Officer since December 2014. In this function she is in charge of our business customers, wholesale partners and MVNO partners. Mrs. Reinhardt has 16 years of experience in the telecommunications industry, having previously been Head of Mobile Services and Applications at Swisscom, where she developed Tapit, the digital wallet solution. Mrs. Reinhardt holds a MBA from the University of Zurich.

*Johan Hall* has served as Chief Technology Officer since October 1, 2012. Prior to this, Mr. Hall was the Chief Technology Officer of Yoigo in Spain, a position he held since its launch in 2006. Prior to this, Mr. Hall was the CEO of Svenska UMTS, a telecommunications provider in Sweden. Over the past 25 years, Mr. Hall has held senior management positions as well as various start up and operations roles with Millicom International Cellular, Deutsche Telekom and TeliaSonera. Mr. Hall holds a MSc from Linköpings University Sweden.

*Amelia Räss-Fernandez* has served as Chief Human Resources Officer of the Company since September 1, 2012. Prior to this, Ms. Räss was Chief of Staff of the Group's HR Chief Operating Officer at Zurich Financial Services and Head of Global HRIT Business Integration. Between 2000 and 2007 Ms. Räss worked for PricewaterhouseCoopers as Senior Managing Consultant and Executive Search Manager. Ms. Räss holds an executive MBA from the University of Zurich, a postgraduate degree in Human Resources Management from the University of Manchester and a Bachelor equivalent degree from the Translators' School of Buenos Aires.

### ***Board of Directors' Practices***

The board is entrusted with the ultimate direction of the Company, as well as the supervision and control of the management. In connection with these functions, the articles of association and the organizational regulations set forth specific duties assigned to the board. The board has historically convened approximately four times per year or as required. In 2014, the board convened four times and to date, in 2015, the board has convened twice. Meetings may also be called upon the request of any member of the board indicating the items and the proposals to be submitted. Board meetings require distribution of notice and an agenda at least ten business days in advance. With assent of at least two thirds of all members of the board, the board may waive notice of all or any agenda items. Resolutions may also be passed by circular resolution, unless a member of the board demands a verbal consultation at a meeting. Majority vote is required to pass a resolution. The Board elects the chairman and may elect one or more deputy chairman. In case the CEO is a member of the board of directors, the CEO shall also carry the title of a delegate of the board of directors. The ordinary term of office for the members of the board of directors is one year. A re-election is possible.

### ***Compensation of Directors and Executive Officers***

The total remuneration of directors and executive officers (including former and active executive officers) for the year ended December 31, 2014 was CHF 5.1 million.

### ***Incentive Plans***

Our employees have participated in bonus and/or sales incentive schemes, as set forth in our personnel regulations, which form a part of our employment contracts. The bonus entitlement of individual employees is based on the performance of the Company and on the individual performance and behavior of the individual employee.



### **PRINCIPAL SHAREHOLDER**

The Senior Secured Notes Issuer is wholly owned by the Senior Notes Issuer, which is wholly owned (through one or more holding entities) by NJJ.

Founded in 2010, NJJ is the private holding company of entrepreneur and telecommunications investor Xavier Niel.

## **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

We intend to enter into a service agreement with our principal shareholder in relation to certain consulting services to be provided by NJJ. We expect that the terms of such agreement will entitle NJJ to an annual consulting fee, which should not exceed CHF 4.0 million during the term of the agreement.

## DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

*The following summary of certain provisions of our indebtedness does not purport to be complete and is subject to, and qualified in its entirety by reference to, the underlying documents.*

### **Revolving Credit Facility**

#### ***Overview and Structure***

The Senior Secured Notes Issuer and certain of its subsidiaries and the Senior Notes Issuer (as the parent of the Senior Secured Notes Issuer) are party to a CHF 100 million super senior revolving credit facility agreement dated February 23, 2015, as amended from time to time (the “Revolving Credit Facility Agreement”) with, among others, Société Générale, as facility agent, and Credit Suisse AG, London Branch, J.P. Morgan Limited, Natixis, Société Générale, Goldman Sachs Bank USA and BNP Paribas Fortis SA/NV, as arrangers. On or about the Issue Date, the Revolving Credit Facility Agreement shall be amended by an amendment and restatement agreement to provide, among other changes, that (i) the definition of “Parent” shall refer to the Senior Notes Issuer and the definition of “Company” shall refer to the Senior Secured Notes Issuer; (ii) the total committed amount available under the Revolving Credit Facility be increased from CHF 100 million to CHF 150 million; (iii) the termination date of the Revolving Credit Facility be extended to March 31, 2020, and (iv) certain Leverage Ratio-based baskets are increased to reflect the new capital structure of the Group.

The Revolving Credit Facility may be utilized by any current or future borrower under the Revolving Credit Facility Agreement in CHF, Euros, U.S. Dollars, Sterling or any other readily available or agreed currency by the drawing of cash advances or the issue of letters of credit and ancillary facilities. The Revolving Credit Facility may be used for financing or refinancing the Group’s working capital and/or general corporate purposes.

In addition, the Senior Notes Issuer as the Parent (the “Parent”) may elect to request additional facilities either as a new facility or as additional tranches of the Revolving Credit Facility (the “Additional Facility Commitments”) in a maximum aggregate principal amount outstanding in respect of all such Additional Facility Commitments not exceeding CHF 35,000,000. The total amount of indebtedness (including under the Revolving Credit Facility and any Additional Facility Commitments but excluding any arising under certain hedging arrangements) secured by the Collateral that can have “super priority” status shall not exceed the greater of CHF 160 million and 0.4 multiplied by Consolidated EBITDA (measured at the time of the commitment of such indebtedness). The Parent and the lenders may agree to certain terms in relation to the Additional Facility Commitments, including the margin and the termination date (each subject to parameters as set out in the Revolving Credit Facility Agreement) and the availability period.

#### ***Interest and Fees***

Loans under the Revolving Credit Facility Agreement will initially bear interest at rates *per annum* equal to LIBOR or, for loans denominated in euro, EURIBOR, plus a margin of 3.50% per annum. Beginning February 23, 2016, the margin on the loans will be subject to reduction if certain leverage ratios are met. The margin on any loans under an Additional Facility Commitment will be agreed between the Parent and the relevant lenders.

A commitment fee will be payable on the aggregate undrawn and uncanceled amount of the Revolving Credit Facility from the Closing Date to the end of the availability period for the Revolving Credit Facility at a rate of 40% of the applicable margin for the Revolving Credit Facility. The commitment fee will be payable quarterly in arrears, on the last date of availability of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which a lender cancels its commitment.

Default interest will be calculated as an additional 1% on the overdue amount.

The Parent is also required to pay (or procure the payment of) customary agency fees to the facility agent and the security agent in connection with the Revolving Credit Facility.

#### ***Repayments***

Each advance will be repaid on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility will be repaid on the termination date which is March 31, 2020. The termination date for a facility under an Additional Facility Commitment is the date agreed between the Parent and the relevant lenders. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed during the availability period for that facility, subject to certain conditions.

### ***Mandatory Prepayment***

The Revolving Credit Facility Agreement allows for voluntary prepayments (subject to *de minimis* amounts). The Revolving Credit Facility Agreement also permits each lender to require the mandatory prepayment of all amounts due to that lender upon a Change of Control. The Revolving Credit Facility Agreement also requires the Parent to make an offer to prepay the Revolving Credit Facility with the net cash proceeds received by the Group from certain disposals of assets, to the extent that such net cash proceeds exceed certain agreed thresholds and have not been applied for other permitted purposes.

### ***Guarantees***

The Parent, the Senior Secured Notes Issuer, Matterhorn Mobile, Orange and Orange Network will provide a senior guarantee of all amounts payable to the finance parties under the Revolving Credit Facility Agreement and the hedging banks under any secured hedging agreements.

The Revolving Credit Facility Agreement requires that (subject to agreed security principles) each subsidiary of the Parent incorporated in Luxembourg or Switzerland that is or becomes a Material Company (which definition includes, among other things, any member of the Group that has earnings before interest, tax, depreciation and amortization representing 5% or more of Consolidated EBITDA or total assets representing 5% or more of the total assets of the Group) from February 23, 2015 (the “Closing Date”) will be required to become a guarantor under the Revolving Credit Facility Agreement.

Furthermore, if on the last day of a financial year of the Parent, the guarantors represent less than 80% of each of the consolidated EBITDA or the total assets of the Parent and its restricted subsidiaries (subject to certain exceptions), within 60 business days of delivery of the annual financial statements for the relevant financial year, such other restricted subsidiaries of the Parent (subject to agreed security principles) are required to become additional guarantors until the requirement is satisfied (to be calculated as if such additional guarantors had been guarantors on such last day of the relevant financial year).

### ***Security***

The Revolving Credit Facility is secured (subject to agreed security principles) by the same Collateral as the Senior Secured Notes.

In addition, any Material Company or other member of the Group which becomes a guarantor of the Revolving Credit Facility is required (subject to agreed security principles) to grant security over its material assets in favor of the security agent under the Revolving Credit Facility.

### ***Representations and Warranties***

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status and incorporation, binding obligations, non-conflict with constitutional documents, laws or other obligations, power and authority, authorizations, no default, validity and admissibility in evidence, governing law and enforcement, no insolvency, no breach of laws, legal ownership, financial indebtedness, no proceedings pending or threatened, taxation, original financial statements, no misleading information, anti-corruption law, sanctions, US margin regulations, acquisition agreement and no filings or stamp taxes.

### ***Covenants***

The Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments) that are set forth in the sections entitled “*Description of the Senior Secured Notes—Certain Covenants*.” In addition, the Revolving Credit Facility Agreement contains a financial covenant (see “*Financial Covenant*”).

The Revolving Credit Facility Agreement also contains a “notes purchase condition” covenant. Subject to certain exceptions set out in the Revolving Credit Facility Agreement, the Parent may not, and shall procure that no other member of the Group will, repay, prepay, purchase, defease, redeem or otherwise acquire or retire the principal amount of the Notes (or, in each case, any replacement or refinancing thereof as permitted under the Revolving Credit Facility Agreement from time to time) prior to its scheduled repayment date in any manner which involves the payment of cash consideration of the Group to a person which is not a member of the Group. The exceptions to such covenant include (among other things) payments that do not exceed 50% of the aggregate original principal amount of the Notes in existence as of the Closing Date or incurred at any time after the Closing Date.

The Revolving Credit Facility Agreement also requires certain members of the Group to observe certain affirmative covenants (subject to certain exceptions and qualifications), including covenants relating to:

- maintenance of authorizations;
- compliance with laws;
- preservation of assets;
- maintenance of center of main interest;
- discharge of tax liabilities and maintain tax residence;
- comply with Swiss non-bank-rules;
- comply with anti-corruption laws;
- comply with sanctions laws;
- maintenance of guarantor and security coverage and further assurances;
- maintenance of insurance;
- maintenance of *pari passu* ranking of the Revolving Credit Facility; and
- maintenance of intellectual property.

Certain of the covenants under the Revolving Credit Facility Agreement will be suspended upon (i) a public offering of the Parent or certain of its holding companies or any other member of the Group and an achievement of a leverage ratio equal to or less than 3.00:1 (*pro forma* for any prepayment of certain indebtedness from the proceeds of such public offering) or (ii) an achievement by the Senior Secured Notes Issuer (or any of its affiliates) of a long-term corporate credit rating of Baa3/BBB- or better by Moody's or S&P.

The Revolving Credit Facility contains an information covenant under which, among other things, the Parent is required to deliver to the facility agent annual financial statements, quarterly financial statements, compliance certificates and an annual budget.

#### ***Financial Covenant***

The Revolving Credit Facility Agreement will require the Parent to comply with a Leverage Ratio (ratio of Consolidated Net Leverage at such date to Consolidated EBITDA for the period of the most recent four consecutive financial quarters). The covenant will be tested quarterly.

The Leverage Ratio for any relevant period ending: (i) on or before March 31, 2017 shall not exceed 6.5:1; (ii) in the period from and including April 1, 2017 to and including September 30, 2018 shall not exceed 6.0:1; and (iii) on or after October 1, 2018 shall not exceed 5.5:1, in each case provided that such financial covenant shall not be required to be satisfied (and accordingly, no event of default shall occur solely as a result of a failure to so ensure) unless, on the last day of the relevant period, the aggregate outstanding exposure under the Revolving Credit Facility is greater than CHF 35,000,000.

The Parent is permitted to prevent or cure breaches of the Leverage Ratio by applying any cure amount (being amounts received by the Parent in cash pursuant to any new equity or permitted subordinated debt) as if Consolidated Net Leverage had been reduced by such amount. There is no requirement to apply any cure amount in prepayment of the Revolving Credit Facility. No more than 3 cure amounts may be taken into account during the term of the Revolving Credit Facility and cure amounts in successive financial quarters will not be permitted.

#### ***Events of Default***

The Revolving Credit Facility contains events of default, with certain adjustments, as those applicable to the Notes as set forth in the respective section entitled "*Description of the Senior Secured Notes—Events of Default.*" In addition, the Revolving Credit Facility contains the following events of default:

- breach of the financial covenant;
- inaccuracy of a representation or statement when made;
- unlawfulness, repudiation, rescission, invalidity or unenforceability of the finance documents entered into in connection with the Revolving Credit Facility;
- breach of intercreditor agreement;
- cessation of business;
- audit qualification; and
- expropriation.



## **Intercreditor Agreement**

### **General**

To establish the relative rights of certain of our creditors under our financing arrangements, MMH (the “Original Parent”), Matterhorn Mobile S.A. (the “Original Company”), each of the Guarantors and any other entity which accedes to the Intercreditor Agreement as a debtor (together the “Debtors”) have entered into the Intercreditor Agreement dated January 30, 2012 and amended on February 3, 2012, February 21, 2012, September 11, 2012, February 23, 2015, and as amended and restated on or about the Issue Date, and as further amended from time to time, with, among others, the Security Agent, the lenders under our Senior Facilities Agreement and the senior agent under our Senior Facilities Agreement (the “Senior Facility Agent”). The Senior Notes Issuer and the Senior Secured Notes Issuer are parties to the Intercreditor Agreement as Debtors. The Senior Notes Issuer acceded to the Intercreditor Agreement on the Issue Date as the Parent. The Senior Secured Notes Issuer acceded to the Intercreditor Agreement on the Issue Date as the Company. The Senior Notes Trustee and the Senior Secured Notes Trustee acceded to the Intercreditor Agreement on the Issue Date. The Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when enforcement action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

Capitalized terms set forth and used in this section entitled “—*Intercreditor Agreement*” have the same meanings as set forth in the Intercreditor Agreement (as amended and restated), which may have different meanings from the meanings given to such terms and used elsewhere in this Offering Memorandum. In particular, in this section, the term “Senior Notes” means the Senior Secured Notes offered hereby (as defined elsewhere in this Offering Memorandum) issued by the Senior Secured Notes Issuer and the term “Senior Parent Notes” means the Senior Notes offered hereby (as defined elsewhere in this Offering Memorandum) issued by the Senior Notes Issuer. A copy of the Intercreditor Agreement shall be made available to investors upon request.

### **Amendments to Intercreditor Agreement**

On or about the Issue Date, the Intercreditor Agreement shall be further amended by an amendment agreement between, among others, the Original Parent, the Original Company and the Security Agent (the “ICA Amendment Agreement”). The amendments under the ICA Amendment Agreement will not require the consent of the holders of the Senior Secured Notes or the Senior Notes. The key effects of the amendments to the Intercreditor Agreement will be to:

- provide that, on and from the Issue Date, the definition of Parent shall refer to the Senior Notes Issuer; and
- provide that, on and from the Issue Date, the definition of Company shall refer to the Senior Secured Notes Issuer.

### **Definitions:**

The following defined terms are used in this summary of the Intercreditor Agreement:

“Hedge Counterparty” means any person that executes or accedes to the Intercreditor Agreement as a Hedge Counterparty.

“Permitted Parent Financing Agreement” means, in relation to any Permitted Parent Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Parent Financing Debt is made available or, as the case may be, issued.

“Permitted Parent Financing Creditors” means, in relation to any Permitted Parent Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Parent Financing Debt from time to time (including the applicable Senior Parent Creditor Representative).

“Permitted Parent Financing Debt” means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Parent in writing as indebtedness to be treated as “Permitted Parent Financing Debt” for the purposes of the Intercreditor Agreement, provided that (a) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (b) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Parent Financing Debt have agreed to become a party to the Intercreditor Agreement by executing and delivering to the Security Agent a creditor/agent accession undertaking, in each case unless already a party in that capacity.

“Permitted Parent Financing Documents” means, in relation to any Permitted Parent Financing Debt, the Permitted Parent Financing Agreement, any fee letter entered into under or in connection with the Permitted

Parent Financing Agreement and any other document or instrument relating to that Permitted Parent Financing Debt and designated as such by the Parent and the Senior Parent Creditor Representative in respect of that Permitted Parent Financing Debt.

“Permitted Parent Financing Liabilities” means all liabilities of any Debtor to any Permitted Parent Financing Creditors under or in connection with the Permitted Parent Financing Documents.

“Permitted Senior Financing Agreement” means, in relation to any Permitted Senior Financing Debt, the facility agreement, indenture or other equivalent document by which that Permitted Senior Financing Debt is made available or, as the case may be, issued.

“Permitted Senior Financing Creditors” means, in relation to any Permitted Senior Financing Debt, each of the lenders, holders or other creditors in respect of that Permitted Senior Financing Debt from time to time (including the applicable Senior Creditor Representative).

“Permitted Senior Financing Debt” means any indebtedness incurred by any member of the Group which is notified to the Security Agent by the Parent in writing as indebtedness to be treated as “Permitted Senior Financing Debt” for the purposes of the Intercreditor Agreement provided that (a) the incurrence of such indebtedness is not prohibited by the terms of the Secured Debt Documents (as defined below) and (b) the providers of such indebtedness or the agent, trustee or other relevant representative in respect of that Permitted Senior Financing Debt have agreed to become a party to the Intercreditor Agreement by executing and delivering to the Security Agent a creditor/agent accession undertaking, in each case to the extent not already a party in that capacity.

“Permitted Senior Financing Documents” means, in relation to any Permitted Senior Financing Debt, the Permitted Senior Financing Agreement, any fee letter entered into under or in connection with the Permitted Senior Financing Agreement and any other document or instrument relating to that Permitted Senior Financing Debt and designated as such by the Parent and the Senior Creditor Representative under that Permitted Senior Financing Debt.

“Permitted Senior Financing Liabilities” means all liabilities of any Debtor to any Permitted Senior Financing Creditors under or in connection with the Permitted Senior Financing Documents.

“Senior Creditor Representative” means in relation to any Permitted Senior Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Senior Financing Debt.

“Senior Creditors” means the Senior Lenders and the Hedge Counterparties.

“Senior Facilities Agreement” means the Revolving Credit Facility Agreement.

“Senior Parent Creditor Representative” means in relation to any Permitted Parent Financing Debt, the agent, trustee or other relevant representative in respect of that Permitted Parent Financing Debt.

“Senior Parent Creditors” means the Senior Parent Note holders, each trustee under any issue of such Senior Parent Notes and any Permitted Parent Financing Creditors.

### ***Debt Refinancing***

The Intercreditor Agreement permits any of the liabilities under the debt documents to be refinanced, replaced, increased or otherwise restructured in whole or in part including by way of Permitted Senior Financing Debt and/or Permitted Parent Financing Debt or the issue of additional Senior Notes and/or Senior Parent Notes and any super senior revolving credit facility (the “Priority Revolving Facility”) (each a, “Debt Refinancing”). Each party to the Intercreditor Agreement shall be required to enter into any amendment to or replacement of the then current Secured Debt Documents and/or take such other action as is required by the Parent in order to facilitate such a Debt Refinancing including changes to, the taking of, or release and retake of any guarantee or security, subject to certain conditions. At the option of the Parent, a Debt Refinancing may be made available on a basis which is senior to, *pari passu* with or junior to any of the other liabilities, shall be entitled to benefit from all or any of the security, may be made available on a secured or unsecured basis (subject to certain restrictions) and may be effected in whole or in part by way of a debt exchange, non-cash rollover or other similar or equivalent transaction, in each case unless otherwise prohibited by the Debt Financing Agreements. Under the terms of the Intercreditor Agreement each agent, each Secured Party and each Primary Creditor agrees that it shall co-operate with the Parent, each other member of the Group and each agent in order to facilitate any Debt Refinancing (including by way of, at the request and cost of the Parent, executing any document or agreement and/or giving instructions to any person). In the event of any refinancing or replacement of all or any part of the Senior Lender Liabilities (or any such refinancing or replacement indebtedness from time to time), the Parent

shall be entitled to require that the definition of Instructing Group is amended such that the relevant refinancing or replacement indebtedness is treated in the same manner as the Senior Facilities (meaning that for the purpose of calculating the voting entitlement of any person, at the option of the Parent all or any part of the relevant refinancing or replacement indebtedness may be treated as Senior Secured Credit Participations of the Senior Creditors and not Senior Notes/Permitted Financing Credit Participations). In the event that any Priority Revolving Facility becomes subject to the provisions of the Intercreditor Agreement, the Parent shall be entitled to require that all or any part of the liabilities in relation to Hedging Liabilities (as defined in the Intercreditor Agreement) shall rank in right and priority of payment *pari passu* with that Priority Revolving Facility (which, for the avoidance of doubt, may result in such Hedging Liabilities ranking ahead of the Senior Notes liabilities and/or the Senior Parent Notes liabilities), and/or the Permitted Senior Financing Liabilities and/or the Permitted Parent Financing Liabilities, in each case unless otherwise prohibited by the Debt Financing Agreements.

Any Priority Revolving Facility implemented pursuant to a Debt Refinancing shall comply with, among others, the following limitations:

#### *Ranking of a Debt Refinancing*

No liabilities or obligations in respect of any Priority Revolving Facility may rank in right and priority of payment ahead of the amounts set out in paragraph (i) of the section captioned “—*Application of Proceeds*.”

Subject to the paragraph above and to the extent not otherwise prohibited by the Debt Financing Agreements, any Priority Revolving Facility shall rank in right and priority of payment as determined by the Parent.

#### *Enforcement: Debt Refinancing*

The right of the lenders or other creditors in respect of a Priority Revolving Facility to:

- (a) instruct the Security Agent to enforce the security;
- (b) give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the security as they see fit; and/or
- (c) otherwise provide instructions as, or as part of, an Instructing Group,

shall be generally consistent with, or otherwise not materially less favorable to the other Secured Parties than, those customary for facilities of a similar nature to that Priority Revolving Facility (if any), in each case as at the date such Priority Revolving Facility is contractually committed by the relevant member(s) of the Group and as determined by the Parent (with any such determination to be conclusive).

#### *Option to Purchase*

- (a) The Senior Note holders and the Permitted Senior Financing Creditors shall be provided with an ‘option to purchase’ right in relation to any liabilities in respect of a Priority Revolving Facility consistent in all material respects with the ‘option to purchase’ right provided in relation to the Senior Lender Liabilities as set out in the paragraph captioned “—*Restrictions Relating to Senior Secured Liabilities—Option to Purchase: Senior Secured Creditors*.”
- (b) The Senior Parent Agent(s) shall be provided with an ‘option to purchase’ right in relation to any liabilities in respect of a Priority Revolving Facility consistent in all material respects with the ‘option to purchase’ right as set out in the paragraph captioned “—*Payment Obligations and Capitalization of Interest Continue—Option to Purchase: Senior Parent Creditors*.”

#### **Ranking and Priority**

##### *Priority of Debts*

Subject to the provisions set out in the caption “—*Senior Parent Liabilities and Security*” below, the Intercreditor Agreement provides that the liabilities owed by the Debtors (other than the Parent) to the creditors in relation to the Senior Facilities, certain hedging obligations, the Senior Notes, the Senior Parent Notes, the Permitted Senior Financing Debt and the Permitted Parent Financing Debt (the “Primary Creditors”) shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking liabilities as follows:

- first, the liabilities of the lenders, issuing banks and ancillary lenders under the Senior Facilities (each a “Senior Lender” and such liabilities the “Senior Lender Liabilities”), the Senior Notes liabilities and the

Permitted Senior Financing Liabilities, the Hedging Liabilities, amounts due to the Senior Notes Trustee and amounts due to the Senior Parent Notes Trustee *pari passu* and without any preference between them; and

- second, the Senior Parent Notes liabilities and the Permitted Parent Financing Liabilities *pari passu* between themselves and without any preference between them.

The liabilities owed by the Parent to the Primary Creditors shall rank *pari passu* in right and priority of payment without any preference among them.

#### *Priority of Security*

The security shall secure the relevant liabilities (but only to the extent that such security is expressed to secure the relevant liabilities) in the order provided for under the caption “—*Application of Proceeds*.”

#### *Senior Parent Liabilities and Security*

The Senior Parent Notes liabilities and the Permitted Parent Financing Liabilities owed by the Parent are senior obligations of the Parent. Notwithstanding the preceding sentence, until the date the Senior Lender Liabilities, the Hedging Liabilities, the Senior Notes liabilities and the Permitted Senior Financing Liabilities have been discharged (the “Senior Discharge Date”), creditors in relation to the Senior Parent Notes liabilities and the Permitted Parent Financing Liabilities may not take any steps to appropriate the assets of the Parent subject to the Security Documents in connection with any Enforcement Action (as defined below), other than as expressly permitted by the Intercreditor Agreement.

#### *Intra-Group Liabilities and Investor Liabilities*

The Intercreditor Agreement provides that the intra-group liabilities of the Group and the liabilities of the Group to an investor are postponed and subordinated to the liabilities owed by the Debtors to the Primary Creditors.

#### *Additional and/or Refinancing Debt*

The creditors under the Intercreditor Agreement acknowledge in the Intercreditor Agreement that the Debtors (or any of them) may wish to incur incremental borrowing liabilities (including guarantees of such liabilities) or refinance or replace borrowing liabilities (including incurring guarantee liabilities in respect of such refinancing or replacement). Such liabilities are intended to rank *pari passu* with any other liabilities and/or share *pari passu* in any security and/or to rank behind any other liabilities and/or to share in any security behind any such other liabilities.

The creditors under the Intercreditor Agreement undertake in the Intercreditor Agreement (at the cost of the Debtors) to co-operate with the Parent and the Debtors with a view to enabling and facilitating such financing, refinancing or replacement and such sharing in the security to take place in a timely manner. In particular, each of the secured parties authorizes and directs each of its respective agents and the Security Agent to execute any amendment to the Intercreditor Agreement and such other debt documents required by the Parent to reflect, enable and/or facilitate any such arrangements.

#### ***Restrictions Relating to Senior Secured Liabilities***

The Parent and the Debtors may make payments of the Senior Secured Liabilities (as defined below) at any time, provided that following the occurrence of an acceleration event with respect to the Senior Facilities Agreement, the Senior Notes and/or any Permitted Senior Financing Debt, which is continuing, no Debtor may make (and no Senior Secured Creditor (as defined below) may receive) payments of Senior Lender Liabilities, Senior Notes liabilities or Permitted Senior Financing Liabilities except for recoveries distributed in accordance with the provisions set out under the caption “—*Application of Proceeds*.”

The Intercreditor Agreement provides that the Senior Secured Creditors (as defined below), the Parent and the Debtors may at any time amend or waive the terms of the finance documents in relation to the Senior Facilities, the Senior Notes and the Permitted Senior Financing Debt, in accordance with their respective terms from time to time (and subject only to any consent required under them).

### *Security and Guarantees: Senior Secured Creditors*

The Senior Lenders, the Hedge Counterparties, the Senior Note holders, the Senior Notes Trustee and any Permitted Senior Financing Creditors (the “Senior Secured Creditors”) may take, accept or receive the benefit of:

- any security from any member of the Group in respect of any of the Senior Lender Liabilities, the Hedging Liabilities, the Senior Notes liabilities or the Permitted Senior Financing Liabilities in addition to the shared security provided that, to the extent legally possible and subject to certain agreed security principles:
- the security provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);
- all amounts actually received or recovered by any Senior Secured Creditor with respect to any such security shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption “—Application of Proceeds”; and
- any such security may only be enforced in accordance with the provisions set out under the caption “—Enforcement of Security—Security Held by Other Creditors.”
- any guarantee, indemnity or other assurance against loss from any member of the Group regarding any of the Senior Lender Liabilities, the Hedging Liabilities, the Senior Notes liabilities or the Permitted Senior Financing Liabilities in addition to those in:
  - the Senior Facilities Agreement, the Senior Notes Indenture or any Permitted Senior Financing Document;
  - the Intercreditor Agreement; or
  - any guarantee, indemnity or other assurance against loss in respect of any of the liabilities, the benefit of which (however conferred) is, to the extent legally possible and subject to certain agreed security principles, given to all the senior secured parties in respect of their senior secured liabilities,

provided that, to the extent legally possible, and subject to certain agreed security principles,

- the guarantee provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);
- such guarantee, indemnity or assurance against loss is expressed to be subject to the Intercreditor Agreement; and
- any security, guarantee, indemnity or other assurance against loss from any member of the Group in connection with:
  - any escrow or similar or equivalent arrangements entered into in respect of amounts which are being held (or will be held) by a person which is not a member of the Group prior to release of those amounts to a member of the Group; or
  - any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Senior Lender Liabilities, Senior Notes liabilities and any Permitted Senior Financing Liabilities (in each case provided that such defeasance, redemption, prepayment, repayment, purchase or other discharge is not prohibited by the terms of the Intercreditor Agreement).

### *Restriction on Enforcement: Senior Lenders and Senior Notes Creditors*

The Intercreditor Agreement provides that none of the Senior Lenders, the Senior Note holders, the Senior Notes Trustee or any Permitted Senior Financing Creditors may take certain Enforcement Action without the prior written consent of an Instructing Group (as defined below).

Notwithstanding the above restriction or anything to the contrary in the Intercreditor Agreement, after the occurrence of certain specified insolvency events (each an “Insolvency Event”) in relation to a Debtor, each Senior Lender, Senior Note holder, Senior Notes Trustee or Permitted Senior Financing Creditor may, to the extent it is able to do so under the relevant debt documents, take certain Enforcement Action and/or claim in the winding up, dissolution, administration, reorganization or similar insolvency event of that Debtor for liabilities owing to it (but may not direct the Security Agent, pursuant to this paragraph, to enforce the common security in any manner).

### *Option to Purchase: Senior Secured Creditors*

Senior Note holders holding at least a simple majority of the Senior Notes liabilities or Permitted Senior Financing Creditors holding at least a simple majority of the Permitted Senior Financing Liabilities (the “Senior



Secured Acquiring Creditors”) may, after the occurrence of an acceleration event which is continuing, by giving not less than ten (10) days’ notice to the Security Agent, require the transfer to them (or to a nominee or nominees), in accordance with the applicable transfer provisions of the Intercreditor Agreement, of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities if:

- (i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Facilities Agreement;
- (ii) any conditions relating to such a transfer contained in the Senior Facilities Agreement are complied with, other than:
  - (A) any requirement to obtain the consent of, or consult with, a member of the Group in relation to such transfer, which consent or consultation shall not be required; and
  - (B) to the extent to which all the Senior Secured Acquiring Creditors provide cash cover for any letter of credit, the consent of the relevant letter of credit issuing bank relating to such transfer;
- (iii) the Senior Facility Agent, on behalf of the Senior Lenders, is paid an amount equal to the aggregate of:
  - (A) any amounts provided as cash cover by the Senior Secured Acquiring Creditors for any letter of credit (as envisaged in paragraph (ii)(B) above);
  - (B) all of the Senior Lender Liabilities at that time (whether or not due), including all amounts that would have been payable under the Senior Facilities Agreement if the Senior Facilities were being prepaid by the relevant Debtors on the date of that payment; and
  - (C) all costs and expenses (including legal fees) incurred by the Senior Facility Agent and/or the Senior Lenders and/or the Security Agent as a consequence of giving effect to that transfer;
- (iv) as a result of that transfer, the Senior Lenders have no further actual or contingent liability to a Debtor under the Senior Facilities finance documents;
- (v) an indemnity is provided from each of the Senior Secured Acquiring Creditors (other than any Senior Agent) or from another third party acceptable to all the Senior Lenders in a form reasonably satisfactory to each Senior Lender in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender in consequence of any sum received or recovered by any Senior Lender from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender for any reason;
- (vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, except that each Senior Lender shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer; and
- (vii) the Senior Parent Creditors have not exercised their rights to purchase as described under the provisions set out in the paragraph captioned “—*Payment Obligations and Capitalization of Interest Continue—Option to Purchase: Senior Parent Creditors*” or, having exercised such rights, have not failed to complete the acquisition of the relevant Senior Secured Liabilities in accordance with such provisions.

Subject to the Intercreditor Agreement, the Senior Secured Acquiring Creditors may only require a Senior Lender Liabilities transfer if, at the same time, they require a transfer of the hedging agreements in accordance with the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no Senior Lender Liabilities transfer may be required to be made.

At the request of a Senior Agent (on behalf of the Senior Secured Acquiring Creditors), the Senior Facility Agent shall notify that Senior Agent of the foregoing payable sums in connection with such transfer.

“Instructing Group” means at any time:

- (a) prior to the Senior Discharge Date:
  - (i) in relation to any instructions to the Security Agent to enforce the Transaction Security or refrain or cease from enforcing the Transaction Security or to take any other Enforcement Action:
    - (A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than 66 <sup>2</sup>/<sub>3</sub>% of the Total Senior Instructing Group Credit Participations at that time; and/or
    - (B) prior to the Senior Lender Discharge Date, the Majority Senior Creditors, in each case as applicable in accordance with the provisions set out under the caption “—*Consultation Period*”; or

(ii) in relation to any other matter:

(A) those Senior Instructing Group Creditors whose Senior Secured Credit Participations at that time aggregate to more than 66 <sup>2</sup>/<sub>3</sub>% of the Total Senior Instructing Group Credit Participations at that time; and

(B) prior to the Senior Lender Discharge Date, the Majority Senior Creditors; and

(b) on or after the Senior Discharge Date but before the Senior Parent Discharge Date, and subject always to the provisions set out under the caption “—*Payment Obligations and Capitalization of Interest Continue—Restrictions on Enforcement by Senior Parent Creditors*,” the Majority Senior Parent Creditors.

In this definition of “Instructing Group”:

“Majority Senior Parent Creditors” means, at any time, those Senior Parent Creditors whose Senior Parent Credit Participations at that time aggregate to more than 66 <sup>2</sup>/<sub>3</sub>% of the total aggregate amount of all Senior Parent Credit Participations at that time.

“Senior Instructing Group Creditors” means:

(a) prior to the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Creditors); and

(b) on and after the Senior Lender Discharge Date, the Senior Secured Creditors (other than the Senior Lenders).

“Senior Lender Discharge Date” means the first date on which all Senior Lender Liabilities have been fully and finally discharged, whether or not as the result of an enforcement, and the Senior Lenders are under no further obligation to provide financial accommodation to any of the Debtors under any of the Senior Facilities finance documents.

“Senior Notes/Permitted Financing Credit Participations” means the aggregate of all the Senior Secured Credit Participations at any time of the Senior Note holders and the Permitted Senior Financing Creditors.

“Senior Parent Credit Participation” means:

(a) in relation to a Senior Parent Note holder, the principal amount of outstanding Senior Parent Notes Liabilities held by that Senior Parent Note holder; and

(b) in relation to a Permitted Parent Financing Creditor, the aggregate amount of its commitments under each Permitted Parent Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Parent Financing Debt held by that Permitted Parent Financing Creditor (as applicable and without double counting).

“Senior Secured Credit Participation” means:

(a) in relation to a Senior Creditor, its Senior Credit Participation in relation to the Senior Facilities Agreement and the hedging agreements only;

(b) in relation to a Senior Note holder, the principal amount of outstanding Senior Notes liabilities held by that Senior Note holder; and

(c) in relation to a Permitted Senior Financing Creditor, the aggregate amount of its commitments under each Permitted Senior Financing Agreement (drawn or undrawn and calculated in a manner consistent with the senior commitments) and/or the principal amount of outstanding Permitted Senior Financing Debt held by that Permitted Senior Financing Creditor (as applicable and without double counting).

“Total Senior Instructing Group Credit Participations” means:

(d) prior to the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Creditors); and

(e) on and after the Senior Lender Discharge Date, the aggregate of all the Senior Secured Credit Participations at any time (excluding the Senior Secured Credit Participations of the Senior Lenders).

“Total Senior Secured Credit Participations” means the aggregate of all the Senior Secured Credit Participations at any time.

## ***Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities***

### ***Restriction on Payment and Dealings***

The Intercreditor Agreement provides that, until the Senior Discharge Date, the Parent shall not (and shall ensure that no member of the Group will):

- (i) pay, repay, prepay, redeem, acquire or defease any principal, interest or other amount on or in respect of, or make any distribution in respect of, any Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities in cash or in kind or apply any such money or property in or towards discharge of any Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities except as permitted by the provisions set out below under the captions “—*Permitted Senior Parent Payments*,” “—*Payment Obligations and Capitalization of Interest Continue—Permitted Senior Parent Enforcement*” and the fourth paragraph under the caption “—*Effect of Insolvency Event; Filing of Claims*” or by a refinancing of the Senior Parent Notes or the Permitted Parent Financing Debt as permitted by the Intercreditor Agreement;
- (ii) exercise any set-off against any Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities, except as permitted by the provisions set out in the caption “—*Permitted Senior Parent Payments*” below, the provisions set out in the caption “—*Payment Obligations and Capitalization of Interest Continue—Restrictions on Enforcement by Senior Parent Creditors*” below or the fourth paragraph under the caption “—*Effect of Insolvency Event; Filing of Claims*” below or by a refinancing of the Senior Parent Notes or the Permitted Parent Financing Debt as permitted by the Intercreditor Agreement; or
- (iii) create or permit to subsist any security over any assets of any member of the Group or give any guarantee (and the Senior Parent Notes Trustee or Senior Parent Creditor Representative, as the case may be, may not, and no Senior Parent Creditor may, accept the benefit of any such security or guarantee from any member of the Group) for, or in respect of, any Senior Parent Notes liabilities or any Permitted Parent Financing Liabilities other than:
  - (a) guarantees by a member of the Group of any obligations of the Group under the Senior Parent Notes finance documents and/or the Permitted Parent Financing Documents;
  - (b) at the option of the Parent, all or any of the security (provided that, for the avoidance of doubt, each of the parties agrees that the security shall rank and secure any Senior Parent Notes and any Permitted Parent Financing Debt as set out in “—*Ranking and Priority—Priority of Security*”); and
  - (c) any security over any assets of the Parent (other than, without prejudice to paragraph (b) above, shares and loan receivables in the Company over which the Parent has granted security);
  - (d) any other security or guarantee provided by a member of the Group (the “Credit Support Provider”) provided that, to the extent legally possible:
    - (I) the Credit Support Provider becomes party to the Intercreditor Agreement as a Debtor (if not already a party in that capacity);
    - (II) all amounts actually received or recovered by the Senior Parent Notes Trustee, the Senior Parent Creditor Representative or the Senior Parent Creditors, as the case may be, with respect to any such security shall immediately be paid to the Security Agent and applied in accordance with the provisions set out under the caption “—*Application of Proceeds*”;
    - (III) any such security may only be enforced in accordance with the provisions set out under the caption “—*Enforcement of Security—Security Held by Other Creditors*”; and
    - (IV) such guarantee is expressed to be subject to the Intercreditor Agreement; and
  - (e) any security, guarantee, indemnity or other assurance against loss from any member of the Group in connection with:
    - (I) any escrow or similar or equivalent arrangements entered into in respect of amounts which are being held (or will be held) by a person which is not a member of the Group prior to release of those amounts to a member of the Group; or
    - (II) any actual or proposed defeasance, redemption, prepayment, repayment, purchase or other discharge of any Senior Lender Liabilities, Senior Notes liabilities and any Permitted Senior Financing Liabilities (in each case provided that such defeasance, redemption, prepayment, repayment, purchase or other discharge is not prohibited by the terms of the Intercreditor Agreement).

### *Permitted Senior Parent Payments*

Prior to the Senior Discharge Date, any member of the Group may make payments with respect to the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities then due in accordance with the finance documents in relation to the Senior Parent Notes and the Permitted Parent Financing Debt (such payments, collectively, “Permitted Senior Parent Payments”):

- (i) if:
  - (a) the payment is of:
    - (I) any of the principal amount of the Senior Parent Notes liabilities and the Permitted Parent Financing Liabilities which is either (1) not prohibited from being paid by the Senior Facilities Agreement, the Senior Notes Indenture or any Permitted Senior Financing Agreement; or (2) paid on or after the final maturity date of the relevant Senior Parent Notes liabilities and Permitted Parent Financing Liabilities (subject to certain conditions); or
    - (II) any other amount which is not an amount of principal or capitalized interest;
  - (b) no Senior Parent Payment Stop Notice (as defined below) is outstanding; and
  - (c) no payment default under the Senior Facilities Agreement, the Senior Notes or the Permitted Senior Financing Documents (“Senior Payment Default”) has occurred and is continuing; or
- (ii) if the Majority Senior Lenders, the Senior Notes Trustee and the Majority Permitted Senior Financing Creditors or the Senior Creditor Representative in respect of that Permitted Senior Financing Debt (as applicable) (the “Required Senior Consent”) give prior consent to that payment being made; or
- (iii) if the payment is of certain amounts due to the Senior Parent Notes Trustee for its own account;
- (iv) if the payment is made by the Parent and funded directly or indirectly with amounts which have not been received by the Parent from another member of the Group;
- (v) of any costs and expenses of any holder of security in relation to protection, preservation or enforcement of such security;
- (vi) of costs, commissions, taxes, fees and expenses incurred in respect of or in relation to (or reasonably incidental to) any of the Senior Parent Notes Indenture and any Permitted Parent Financing Documents (including in relation to any reporting or listing requirements under such documents);
- (vii) if the payment is funded directly or indirectly with Permitted Parent Financing Debt; or
- (viii) of any other amount not exceeding CHF 5,000,000 (or its equivalent) in aggregate in any financial year of the Parent.

On or after the Senior Discharge Date, the Debtors may make payments to the Senior Parent Creditors in respect of the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities in accordance with the Senior Parent Notes Indenture and the Permitted Parent Financing Documents, as applicable.

### *Payment Blockage Provisions*

Until the Senior Discharge Date, except with the Required Senior Consent, the Parent shall not make (and shall procure that no other member of the Group shall make), and neither the Senior Parent Notes Trustee, any holder of Senior Parent Notes or the Permitted Parent Financing Creditors may receive from the Parent or any other members of the Group, any Permitted Senior Parent Payment (other than certain amounts due to the Senior Parent Notes Trustee for its own account, payments funded by amounts not received from another member of the Group or payments funded by Permitted Parent Financing Debt) if:

- a Senior Payment Default is continuing; or
- an event of default under the Senior Facilities Agreement, the Senior Notes Indenture and/or any Permitted Senior Financing Agreement (a “Senior Event of Default”) (other than a Senior Payment Default) is continuing, from the date which is one business day after the date on which any of the Senior Facility Agent, the Senior Notes Trustee and any Senior Creditor Representative (together, the “Senior Agents”) delivers a payment stop notice (a “Senior Parent Payment Stop Notice”) specifying the event or circumstance in relation to that Senior Event of Default to the Parent, the Security Agent and the Senior Parent Agents (as defined below) until the earliest of:
  - the date falling 179 days after delivery of that Senior Parent Payment Stop Notice;

- in relation to payments of the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities, if a Senior Parent Standstill Period (as defined below) is in effect at any time after delivery of that Senior Parent Payment Stop Notice, the date on which that Senior Parent Standstill Period expires;
- the date on which the relevant Senior Event of Default has been remedied or waived in accordance with the Senior Facilities Agreement, the Senior Notes Indenture or any Permitted Senior Financing Agreement (as applicable);
- the date on which the Senior Agent which delivered the relevant Senior Parent Payment Stop Notice delivers a notice to the Parent, the Security Agent and the Senior Parent Agents (as defined below) cancelling the Senior Parent Payment Stop Notice;
- the Senior Discharge Date; and
- the date on which the Security Agent, the Senior Parent Notes Trustee or any Senior Parent Creditor Representative takes Enforcement Action permitted under the Intercreditor Agreement against a Debtor.

Unless the Senior Parent Agents (as defined below) waive this requirement, (i) a new Senior Parent Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Senior Parent Payment Stop Notice; and (ii) no Senior Parent Payment Stop Notice may be delivered by a Senior Agent in reliance on a Senior Event of Default more than 45 days after the date that Senior Agent received notice of that Senior Event of Default.

The Senior Agents may only serve one Senior Parent Payment Stop Notice with respect to the same event or set of circumstances. Subject to the immediately preceding paragraph, this shall not affect the right of the Senior Agents to issue a Senior Parent Payment Stop Notice in respect of any other event or set of circumstances. No Senior Parent Payment Stop Notice may be served in respect of a Senior Event of Default which had been notified to the Senior Agents at the time at which an earlier Senior Parent Payment Stop Notice was issued.

Any failure to make a payment due under the Senior Parent Notes Indenture and any Permitted Parent Financing Documents as a result of the issue of a Senior Parent Payment Stop Notice or the occurrence of a Senior Payment Default shall not prevent (i) the occurrence of an Event of Default (as defined in the Senior Parent Notes Indenture or any Permitted Parent Financing Documents, as applicable) as a consequence of that failure to make a payment in relation to the relevant Senior Parent Notes Indenture and any Permitted Parent Financing Documents; or (ii) the issue of a Senior Parent Enforcement Notice (as defined below) on behalf of the Senior Parent Creditors.

#### ***Payment Obligations and Capitalization of Interest Continue***

No Debtor shall be released from the liability to make any payment (including of default interest, which shall continue to accrue) under the Senior Parent Notes Indenture and any Permitted Parent Financing Document by the operation of the provisions set out under each section above under the caption “—*Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities*” even if its obligation to make such payment is restricted at any time by the terms of any of those provisions.

The accrual and capitalization of interest (if any) in accordance with the Senior Parent Notes Indenture and any Permitted Parent Financing Document shall continue notwithstanding the issue of a Senior Parent Payment Stop Notice.

#### ***Cure of Payment Stop***

If:

- (i) at any time following the issue of a Senior Parent Payment Stop Notice or the occurrence of a Senior Payment Default, that Senior Parent Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Payment Default ceases to be continuing; and
- (ii) the relevant Debtor then promptly pays to the Senior Parent Creditors an amount equal to any payments which had accrued under the Senior Parent Notes Indenture and any Permitted Parent Financing Document and which would have been Permitted Senior Parent Payments but for that Senior Parent Payment Stop Notice or Senior Payment Default,

then any Event of Default (including any cross default or similar provision under any other debt document) which may have occurred as a result of that suspension of payments shall be waived and any Senior Parent



Enforcement Notice which may have been issued as a result of that Event of Default shall be waived, in each case without any further action being required on the part of the Senior Parent Creditors or any other Creditor.

#### *Restrictions on Amendments and Waivers*

The Intercreditor Agreement provides that the Senior Parent Creditors, the Parent and the other Debtors may amend or waive the terms of the Senior Parent Notes finance documents and/or the Permitted Parent Financing Documents in accordance with their terms at any time (and subject only to any consent required under them).

#### *Restrictions on Enforcement by Senior Parent Creditors*

Until the Senior Discharge Date, except with the prior consent of or as required by an Instructing Group:

- (i) no Senior Parent Creditor shall direct the Security Agent to enforce, or otherwise require the enforcement of any security; and
- (ii) no Senior Parent Creditor shall take or require the taking of any Enforcement Action in relation to the guarantees by a member of the Group of any of the obligations of any member of the Group under the Senior Parent Notes finance documents and/or Permitted Parent Financing Documents,

except as permitted under the provisions set out under the caption “—*Permitted Senior Parent Enforcement*” below, *provided, however*, that no such action required by the Security Agent need be taken except to the extent the Security Agent otherwise is entitled under the Intercreditor Agreement to direct such action.

“Enforcement Action” is defined as:

- in relation to any liabilities:
  - the acceleration of any liabilities or the making of any declaration that any liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Secured Creditor or a Senior Parent Creditor to perform its obligations under, or of any voluntary or mandatory prepayment arising under, any of the debt documents);
  - the making of any declaration that any liabilities are payable on demand;
  - the making of a demand in relation to a liability that is payable on demand;
  - the making of any demand against any member of the Group in relation to any guarantee liabilities of that member of the Group;
  - the exercise of any right to require any member of the Group to acquire any liability (including exercising any put or call option against any member of the Group for the redemption or purchase of any liability but excluding any such right which arises as a result of the permitted debt purchase transactions provisions of the Senior Facilities Agreement (or any other similar or equivalent provision of any of the Senior Facilities finance documents, the Senior Notes finance documents, the Permitted Senior Financing Documents, the hedging agreements regulated by the Intercreditor Agreement, the Senior Parent Notes finance documents and/or the Permitted Parent Financing Documents (the “Secured Debt Documents”)) and/or any other acquisition of liabilities, acquisition or transaction which any member of the Group is not prohibited from entering into by the terms of the Secured Debt Documents and excluding any mandatory offer arising as a result of a change of control or asset sale (howsoever described) as set out in the Senior Notes finance documents or the Senior Parent Notes finance documents (or any other similar or equivalent provision of any of the Secured Debt Documents);
  - the exercise of any right of set-off, account combination or payment netting against any member of the Group in respect of any liabilities other than the exercise of any such right:
    - as close-out netting by a Hedge Counterparty or by a hedging ancillary lender;
    - as payment netting by a Hedge Counterparty or by a hedging ancillary lender;
    - as inter-hedging agreement netting by a Hedge Counterparty;
    - as inter-hedging ancillary document netting by a hedging ancillary lender; and/or
    - which is otherwise permitted by the terms of any of the Secured Debt Documents, in each case to the extent that the exercise of that right gives effect to a permitted payment; and
  - the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any liabilities;

- the premature termination or close-out of any hedging transaction under any hedging agreement, save to the extent permitted by the Intercreditor Agreement;
- the taking of any steps to enforce or require the enforcement of any security (including the crystallization of any floating charge forming part of the security),
- the entering into of any composition, compromise, assignment or similar arrangement with any member of the Group which owes any liabilities, or has given any security, guarantee or indemnity or other assurance against loss in respect of the liabilities (other than any action permitted under the Intercreditor Agreement or any debt buy-back, tender offer, exchange offer or similar or equivalent arrangement not otherwise prohibited by the debt documents); or
- the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator or similar officer) in relation to the winding up, dissolution, administration or reorganization of any member of the Group which owes any liabilities, or has given any security, guarantee, indemnity or other assurance against loss in respect of any of the liabilities, or any of such member of the Group's assets or any suspension of payments or moratorium of any indebtedness of any such member of the Group, or any analogous procedure or step in any jurisdiction,

except that the following shall not constitute Enforcement Action:

- the taking of any action falling above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; or
- a Senior Secured Creditor or Senior Parent Creditor bringing legal proceedings against any person solely for the purpose of: (a) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any debt document to which it is party, (b) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages or (c) requesting judicial interpretation of any provision of any debt document to which it is party with no claim for damages; or
- bringing legal proceedings against any person in connection with any securities violation, securities or listing regulations or common law fraud; or
- to the extent entitled by law, the taking of any action against any creditor (or any agent, trustee or receiver acting on behalf of that creditor) to challenge the basis on which any sale or disposal is to take place pursuant to the powers granted to those persons under any relevant documentation; or
- any person consenting to, or the taking of any other action pursuant to or in connection with, any merger, consolidation, reorganization or any other similar or equivalent step or transaction initiated or undertaken by a member of the Group (or any analogous procedure or step in any jurisdiction) that is not prohibited by the terms of the Secured Debt Documents to which it is a party.

#### *Permitted Senior Parent Enforcement*

The restrictions set out in the caption “—*Restrictions on Enforcement by Senior Parent Creditors*” above will not apply if:

- an Event of Default (as defined in the Senior Parent Notes Indenture and any Permitted Parent Financing Agreement, as applicable, each a “Senior Parent Event of Default”) (the “Relevant Senior Parent Default”) is continuing;
- each Senior Agent has received a notice of the Relevant Senior Parent Default specifying the event or circumstance in relation to the Relevant Senior Parent Default from the Senior Parent Notes Trustee or the Senior Parent Creditor Representative, as the case may be;
- a Senior Parent Standstill Period (as defined below) has elapsed; and
- the Relevant Senior Parent Default is continuing at the end of the relevant Senior Parent Standstill Period.

Promptly upon becoming aware of a Senior Parent Event of Default, the Senior Parent Notes Trustee or the Senior Parent Creditor Representative, as the case may be, may by notice (a “Senior Parent Enforcement Notice”) in writing notify the Senior Agents of the existence of such Senior Parent Event of Default.

### *Senior Parent Standstill Period*

In relation to a Relevant Senior Parent Default, a Senior Parent Standstill Period shall mean the period beginning on the date (the “Senior Parent Standstill Start Date”) the relevant Senior Agent serves a Senior Parent Enforcement Notice on each of the Senior Agents in respect of such Relevant Senior Parent Default and ending on the earlier to occur of:

- (i) the date falling 179 days after the Senior Parent Standstill Start Date (the “Senior Parent Standstill Period”);
- (ii) the date the Senior Secured Parties take any Enforcement Action in relation to a particular guarantor of the Senior Parent Notes and any Permitted Parent Financing Debt (a “Senior Parent Guarantor”), *provided, however*, that if a Senior Parent Standstill Period ends pursuant to this paragraph, the Senior Parent Creditors may only take the same Enforcement Action in relation to the Senior Parent Guarantor as the Enforcement Action taken by the Senior Secured Parties against such Senior Parent Guarantor and not against any other member of the Group;
- (iii) the date of an Insolvency Event in relation to the Parent or a particular Senior Parent Guarantor against whom Enforcement Action is to be taken;
- (iv) the expiry of any other Senior Parent Standstill Period outstanding at the date such first mentioned Senior Parent Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy);
- (v) the date on which the consent of each of the Senior Facility Agent (acting on the instructions of the Majority Senior Lenders), any Senior Parent Notes Trustee (acting on behalf of the Senior Note holders) and any Senior Creditor Representative (acting on the instructions the Majority Permitted Senior Financing Creditors) has been obtained; and
- (vi) a failure to pay the principal amount outstanding under the Senior Parent Notes or on any Permitted Parent Financing Debt, as the case may be, at the final stated maturity of the amounts outstanding under the Senior Parent Notes or on the Permitted Parent Financing Debt, as the case may be (provided that, unless the Senior Lender Discharge Date has occurred or as otherwise agreed by the Majority Senior Lenders and the Parent, such final stated maturity has not been amended to fall on a date prior to the date falling seven years and six months after the date of first utilization under the Senior Facilities Agreement).

### *Subsequent Senior Parent Event of Default*

The Senior Parent Finance Parties and the Parent, as applicable, may take Enforcement Action under the provisions set out in caption “—*Permitted Senior Parent Enforcement*” above in relation to a Relevant Senior Parent Default even if, at the end of any relevant Senior Parent Standstill Period or at any later time, a further Senior Parent Standstill Period has begun as a result of any other Senior Parent Event of Default.

### *Enforcement on Behalf of Senior Parent Creditors*

If the Security Agent has notified each of the Senior Parent Notes Trustee and any Senior Parent Creditor Representative (the “Senior Parent Agents”) that it is enforcing security created pursuant to any Security Document over shares of a Senior Parent Guarantor, no Senior Parent Creditor may take any action referred to under the provisions set out under the caption “—*Permitted Senior Parent Enforcement*” above against that Senior Parent Guarantor while the Security Agent is taking steps to enforce that security in accordance with the instructions of an Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

### *Option to Purchase: Senior Parent Creditors*

Subject to the following paragraphs, any of the Senior Parent Agents (on behalf of the Senior Parent Creditors) may, after an acceleration event under any of the Senior Facilities Agreement, the Senior Notes or in relation to any Permitted Senior Financing Debt which is continuing, by giving not less than 10 days’ notice to the Security Agent, require the transfer to the Senior Parent Creditors of all, but not part, of the rights, benefits and obligations in respect of the Senior Lender Liabilities, the Senior Notes liabilities and the Permitted Senior Financing Liabilities (the “Senior Secured Liabilities”) if:

- (i) that transfer is lawful and, subject to paragraph (ii) below, otherwise permitted by the terms of the Senior Facilities Agreement (in the case of the Senior Lender Liabilities), the Senior Notes Indenture (in the case of the Senior Notes Liabilities) and any Permitted Senior Financing Agreement (in the case of the Permitted Senior Financing Liabilities) (as applicable);

- (ii) any conditions relating to such a transfer contained in the Senior Facilities Agreement (in the case of the Senior Lender Liabilities), the Senior Notes Indenture (in the case of the Senior Notes liabilities) and any Permitted Senior Financing Agreement (in the case of the Permitted Senior Financing Liabilities) are complied with, in each case, other than as specified in the Intercreditor Agreement;
- (iii) each of the Senior Facility Agent, on behalf of the Senior Lenders, the Senior Notes Trustee, on behalf of the relevant Senior Note holders and the applicable Senior Creditor Representative, on behalf of the relevant Permitted Senior Financing Creditors, is paid the amounts required under the Intercreditor Agreement;
- (iv) as a result of that transfer the Senior Lenders, the Senior Note holders and the Permitted Senior Financing Creditors have no further actual or contingent liability to the Parent or any Debtor under the relevant Secured Debt Documents;
- (v) an indemnity is provided from each Senior Parent Creditor (other than any Senior Parent Agent) in respect of all costs, expenses, losses and liabilities which may be sustained or incurred by any Senior Lender, Senior Note holder or Permitted Senior Financing Creditor in consequence of any sum received or recovered by any such party from any person being required (or it being alleged that it is required) to be paid back by or clawed back from any Senior Lender, Senior Note holder or Permitted Senior Financing Creditor for any reason; and
- (vi) the transfer is made without recourse to, or representation or warranty from, the Senior Lenders, the Senior Note holders or the Permitted Senior Financing Creditors, except that each of them shall be deemed to have represented and warranted on the date of that transfer that it has the corporate power to effect that transfer and it has taken all necessary action to authorize the making by it of that transfer.

Subject to the Intercreditor Agreement, a Senior Parent Agent (on behalf of all the Senior Parent Creditors) may only require a transfer of Senior Secured Liabilities if, at the same time, they require a transfer of hedging agreements regulated by the Intercreditor Agreement and if, for any reason, such transfer cannot be made in accordance with the Intercreditor Agreement, no transfer of Senior Secured Liabilities may be required to be made.

At the request of a Senior Parent Agent (on behalf of all the Senior Parent Creditors), the Senior Facility Agent, the Senior Notes Trustee and any relevant Senior Creditor Representative shall notify the Senior Parent Agents of the foregoing payable sums in connection with such transfer.

### ***Effect of Insolvency Event; Filing of Claims***

The Intercreditor Agreement provides that, among other things, after the occurrence of an Insolvency Event in relation to any Debtor, or, following an acceleration event which is continuing, any member of the Group, any party entitled to receive a distribution out of the assets of that member of the Group in respect of liabilities owed to that party shall, (if prior to a distress event, only if required by the Security Agent arising on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent and to the extent it is able to do so, direct the person responsible for the distribution of the assets of that member of the Group to pay that distribution to the Security Agent until the liabilities owing to the secured parties have been paid in full. In this respect, the Security Agent shall apply distributions paid to it in accordance with the provisions set out under the caption “—*Application of Proceeds*” below.

Subject to certain exceptions, to the extent that any member of Group’s liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that member of the Group, any creditor which benefited from that set-off shall (if prior to a distress event, only if required by the Security Agent arising on the instructions of an Instructing Group), subject to receiving payment instructions and any other relevant information from the Security Agent, pay an amount equal to the amount of the liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with the provisions set out in the caption “—*Application of Proceeds*” below and subject to certain exceptions.

Subject to the provisions set out in the caption “—*Application of Proceeds*” below, if the Security Agent or any other secured party receives a distribution in a form other than in cash in respect of any of the liabilities, the liabilities will not be reduced by that distribution until and except to the extent that the realization proceeds are actually applied towards the liabilities.

After the occurrence of an Insolvency Event in relation to any Debtor or, following an acceleration event which is continuing, any member of the Group, each creditor irrevocably authorizes the Security Agent, on its behalf, to:

- (i) take any Enforcement Action (in accordance with the terms of the Intercreditor Agreement) against that member of the Group;

- (ii) demand, sue, prove and give receipt for any or all of that member of Group's liabilities;
- (iii) collect and receive all distributions on, or on account of, any or all of that member of Group's liabilities; and
- (iv) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that member of Group's liabilities.

Each creditor will (i) do all things that the Security Agent reasonably requests in order to give effect to the matters referred to in this "*—Effect of Insolvency Event; Filing of Claims*" section and (ii) if the Security Agent is not entitled to take any of the actions contemplated by this "*—Effect of Insolvency Event; Filing of Claims*" section or if the Security Agent requests that a creditor take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require, although the Senior Notes Trustee and the Senior Parent Notes Trustee shall be under no obligation to grant such powers of attorney) to enable the Security Agent to take such action.

### ***Turnover***

Subject to certain exceptions, the Intercreditor Agreement provides that if any creditor receives or recovers from any member of the Group:

- (i) any payment or distribution of, or on account of or in relation to, any of the liabilities which is prohibited under the Intercreditor Agreement;
- (ii) other than as referred to in the second paragraph of the caption "*—Effect of Insolvency Event; Filing of Claims*" any amount by way of set-off in respect of any of the liabilities owed to it which does not give effect to a payment permitted under the Intercreditor Agreement;
- (iii) any amount:
  - (A) on account of, or in relation to, any of the liabilities after the occurrence of a distress event including as a result of any other litigation or proceedings against a member of the Group other than after the occurrence of an Insolvency Event in respect of that member of the Group; or
  - (B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of a distress event,
 other than, in each case, any amount received or recovered in accordance with the provisions set out below the caption "*—Application of Proceeds*";
- (iv) the proceeds of any enforcement of any security except in accordance with the provisions set out below under the caption "*—Application of Proceeds*"; or
- (v) subject to certain exceptions, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any member of Group which is not in accordance with the provisions set out in the caption "*—Application of Proceeds*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that member of Group,

that creditor will, subject to certain exceptions: (i) in relation to receipts and recoveries not received or recovered by way of set-off (x) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for the Security Agent and subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (y) subject to receiving payment instructions and any other relevant information the Security Agent, promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) in relation to receipts and recoveries received or recovered by way of set-off, subject to receiving payment instructions and any other relevant information from the Security Agent, promptly pay an amount equal to that receipt or recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

### ***Enforcement of Security***

#### ***Enforcement Instructions***

The Security Agent may refrain from enforcing the security unless instructed otherwise by (i) an Instructing Group; or (ii) if required as set out under the third paragraph of this section, the Majority Senior Parent Creditors.



Subject to the security having become enforceable in accordance with its terms (i) an Instructing Group; or (ii) to the extent permitted to enforce or to require the enforcement of the security prior to the Senior Discharge Date under the provisions under the caption “—*Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities*” above, the Majority Senior Parent Creditors, may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the security as they see fit.

Prior to the Senior Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the security or (ii) in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any Debtor to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the security which the Majority Senior Parent Creditors are then entitled to give to the Security Agent under the provisions under the caption “—*Restrictions Relating to Senior Parent Creditors and Senior Parent Liabilities*” above.

Subject to certain provisions of the Intercreditor Agreement, no secured party shall have any independent power to enforce, or to have recourse to enforce, any security or to exercise any rights or powers arising under the Security Documents except through the Security Agent.

#### *Manner of Enforcement*

If the security is being enforced as set forth above under the caption “—*Enforcement Instructions*,” the Security Agent shall enforce the security in such manner (including, without limitation, the selection of any administrator of any Debtor to be appointed by the Security Agent) as:

- an Instructing Group; or
- prior to the Senior Discharge Date, if (i) the Security Agent has, pursuant to the third paragraph of this “—*Enforcement of Security*” section, given effect to instructions given by the Majority Senior Parent Creditors to enforce the security; and (ii) an Instructing Group has not given instructions as to the manner of enforcement of the security, the Majority Senior Parent Creditors,

shall instruct or, in the absence of any such instructions, as the Security Agent sees fit.

#### *Exercise of Voting Rights*

To the fullest extent permitted under applicable law, each creditor (other than the Senior Notes Trustee and the Senior Parent Notes Trustee) shall agree with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any member of the Group as instructed by the Security Agent. The Security Agent shall give instructions for the purposes of this paragraph as directed by an Instructing Group. Notwithstanding the foregoing, no party can exercise or require any other creditor under the Intercreditor Agreement to exercise its power of voting or representation to waive, reduce, discharge, extend the due date for payment or otherwise reschedule any of the liabilities owed to that creditor.

#### *Waiver of Rights*

To the extent permitted under applicable law and subject to certain provisions of the Intercreditor Agreement, each of the secured parties and the Debtors waives all rights it may otherwise have to require that the security be enforced in any particular order or manner or at any particular time, or that any sum received or recovered from any person, or by virtue of the enforcement of any of the security or of any other security interest, which is capable of being applied in or towards discharge of any of the secured obligations, is so applied.

#### *Security Held by Other Creditors*

If any security is held by a creditor other than the Security Agent, then that creditor may only enforce that security in accordance with instructions given by an Instructing Group pursuant to the terms of the Intercreditor Agreement (and for this purpose references to the Security Agent shall be construed as references to that creditor).

#### *Duties Owed*

Pursuant to the Intercreditor Agreement, each of the secured parties and the Debtors acknowledges that, in the event that the Security Agent enforces, or is instructed to enforce, the security prior to the Senior Discharge Date, the duties of the Security Agent and of any receiver or delegate owed to any Senior Parent Creditors in respect of the method, type and timing of that enforcement or of the exploitation, management or realization of

any of that security shall be no different to or greater than the duty that is owed by the Security Agent, receiver or delegate to the Debtors under general law.

### ***Consultation Period***

- (a) Subject to paragraph (d) below, before giving any instructions to the Security Agent to enforce the Transaction Security or refrain or cease from enforcing the Transaction Security or to take any other Enforcement Action, the Agent(s) of the Creditors represented in the Instructing Group concerned (and, if applicable, any relevant Hedge Counterparties) shall consult with each other Agent, Hedge Counterparty and the Security Agent in good faith about the instructions to be given by the Instructing Group for a period of not less than 30 days from the date on which details of the proposed instructions are received by such Agents, Hedge Counterparties and the Security Agent (or such shorter period as each Agent, Hedge Counterparty and the Security Agent shall agree) (the “Consultation Period”), and only following the expiry of a Consultation Period shall the Instructing Group be entitled to give any instructions to the Security Agent to enforce the Transaction Security or refrain or cease from enforcing the Transaction Security or take any other Enforcement Action.
- (b) Subject to paragraph (c) below, in the event conflicting instructions are received from any other Instructing Group, the Security Agent shall enforce the Transaction Security, refrain or cease from enforcing the Transaction Security or, as the case may be, take the relevant other Enforcement Action in accordance with the instructions given by an Instructing Group referred to in paragraph (a)(i)(A) of the definition of Instructing Group (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the Transaction Security Documents) and the terms of all instructions given by any other Instructing Group shall be deemed revoked.
- (c) Prior to the Senior Lender Discharge Date, if:
  - (i) the Senior Creditors have not been fully repaid within six months of the end of the first Consultation Period;
  - (ii) the Security Agent has not commenced any enforcement of the Transaction Security (or a transaction in lieu thereof) or other Enforcement Action within three months of the end of the first Consultation Period; or
  - (iii) an Insolvency Event has occurred and the Security Agent has not commenced any enforcement of the Transaction Security (or a transaction in lieu thereof) or other Enforcement Action at that time, then the Security Agent shall follow the instructions given by the Majority Senior Creditors (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the Transaction Security Documents).
- (d) Subject to paragraph (c) above, no Agent or Hedge Counterparty shall be obliged to consult in accordance with paragraph (a) above and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of a Consultation Period (in each case provided that such instructions are consistent with any applicable requirements of the Intercreditor Agreement and the Transaction Security Documents) if:
  - (i) the Transaction Security has become enforceable as a result of an Insolvency Event; or
  - (ii) the Instructing Group or any Agent of the Creditors represented in the Instructing Group determines in good faith (and notifies each other Agent, the Hedge Counterparties and the Security Agent) that to enter into such consultations and thereby delay the commencement of enforcement of the Transaction Security would reasonably be expected to have a material adverse effect on:
    - (A) the Security Agent’s ability to enforce any of the Transaction Security; or
    - (B) the realization proceeds of any enforcement of the Transaction Security,and, where this paragraph (d) applies:
  - (1) any instructions shall be limited to those necessary to protect or preserve the interests of the Senior Secured Creditors on behalf of which the relevant Instructing Group is acting in relation to the matters referred to in (A) and (B) above; and
  - (2) the Security Agent shall act in accordance with the instructions first received.

## ***Proceeds of Disposals***

### ***Non-Distressed Disposals***

The Security Agent is irrevocably authorized and instructed (at the request and cost of the relevant Debtor or the Parent) to promptly release (or procure that any other relevant person releases):

- (i) any security (and/or any other claim relating to a debt document) over any asset which is the subject of:
  - (A) a disposal not prohibited by the terms of the Senior Facilities Agreement, the Senior Notes Indenture, any Permitted Senior Financing Agreement, the Senior Parent Notes Indenture and any Permitted Parent Financing Agreement (each a “Debt Financing Agreement”) (including a disposal to a member of the Group, but without prejudice to any obligation of any member of the Group in a Debt Financing Agreement to provide replacement security); or
  - (B) any other transaction not prohibited by the terms of any Debt Financing Agreement pursuant to which that asset will cease to be held or owned by a member of the Group;
- (ii) any security (and/or any other claim relating to a debt document) over any document or agreement in order for any member of the Group to effect any amendment or waiver in respect of that document or agreement or otherwise exercise any rights, comply with any obligations or take any action in relation to that document or agreement (in each case to the extent not prohibited by the terms of any Debt Financing Agreement);
- (iii) any security (and/or any other claim relating to a debt document) over any asset of any member of the Group which has ceased to be a Debtor; and
- (iv) any security (and/or any other claim relating to a debt document) over any other asset to the extent that such release is in accordance with the terms of the Debt Financing Agreements.

In the case of a disposal of shares in a Debtor (or any holding company of any Debtor), or any other transaction pursuant to which a Debtor (or any holding company of any Debtor) will cease to be a member of the Group, the Security Agent shall promptly release (or procure the release of) that Debtor and its subsidiaries from all present and future liabilities under the Secured Debt Documents.

When making any request for a release pursuant to this “—*Non-Distressed Disposals*” section, the Parent shall confirm in writing to the Security Agent that:

- (i) in the case of any release requested pursuant to paragraph (i) or (ii) above, the relevant disposal or other action is not prohibited by the terms of any Debt Financing Agreement; or
- (ii) in the case of any release requested pursuant to paragraph (iv) above, the relevant release is in accordance with terms of the Debt Financing Agreements,

and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

In the case of any release of security requested by the Parent pursuant to the applicable provisions of the Senior Facilities Agreement as part of a permitted transaction under the Senior Facilities Agreement, when making that request the Parent shall confirm to the Security Agent that:

- (i) such request is a permitted transaction request (and absent any such statement in a request for a release the Security Agent shall be entitled to assume for all purposes that such request is not a permitted transaction request); and
- (ii) it has determined in good faith (taking into account any applicable legal limitations and other relevant considerations in relation to that permitted transaction) that it is either not possible or not desirable to implement that permitted transaction on terms satisfactory to the Parent by instead granting additional security and/or amending the terms of the existing security,

and the Security Agent shall be entitled to rely on that confirmation for all purposes under the Secured Debt Documents.

The Security Agent shall (at the cost and expense of the relevant Debtor or the Parent but without the need for any further consent, sanction, authority or further confirmation from any Creditor or Debtor) promptly enter into and deliver such documentation as the Parent (acting reasonably) shall require to give effect to any release described above.

If any member of the Group is required or permitted under the Senior Debt Documents to apply the proceeds of any disposal or other transaction in prepayment, redemption or any other discharge or reduction of

the Senior Lender Liabilities, the Hedging Liabilities, the Senior Notes liabilities or the Permitted Senior Financing Liabilities (as applicable) (together, the “Senior Liabilities”) then no such application of those proceeds shall require the consent of any other party or result in any breach of any Senior Parent Finance Documents and such application shall discharge in full any obligation to apply those proceeds in prepayment, redemption or other discharge or reduction of any Senior Parent Liabilities.

#### *Distressed Disposals*

A “Distressed Disposal” is a disposal of an asset which is (a) being effected at the request of an Instructing Group in circumstances where the security has become enforceable in accordance with the terms of the relevant Security Documents, (b) being effected by enforcement of security in accordance with the terms of the relevant Security Documents or (c) being disposed of to a third party subsequent to a distress event.

If a Distressed Disposal of any asset is being effected, the Security Agent is irrevocably authorized (at the cost of the relevant Debtor or the Parent and without any consent, sanction, authority or further confirmation from any creditor or Debtor):

- (i) to release the security or any other claim over that asset and execute and deliver or enter into any release of that security or claim and issue any letters of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;
- (ii) if the asset which is disposed of consists of shares in the capital of a Debtor to release:
  - (A) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities, its guarantee liabilities and its other liabilities;
  - (B) any security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and
  - (C) any other claim of an investor, an intra-group lender, or another Debtor over that Debtor’s assets or over the assets of any subsidiary of that Debtor,on behalf of the relevant creditors, Debtors and agents;
- (iii) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release:
  - (A) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities, its guarantees liabilities and its other liabilities;
  - (B) any security granted by that holding company or any subsidiary of that holding company over any of its assets; and
  - (C) any other claim of any investor, any intra-group lender or another Debtor over that holding company’s assets or the assets of any subsidiary of that holding company,on behalf of the relevant creditors, Debtors and agents;
- (iv) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to dispose of all or any part of the liabilities or the Debtor liabilities owed by that Debtor or holding company or any subsidiary of that Debtor or holding company:
  - (A) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does not intend that any transferee of those liabilities or Debtor liabilities (the “Transferee”) will be treated as a Primary Creditor or the Security Agent, any receiver or delegate and each of the agents, the arrangers, the Senior Secured Creditors and the Senior Parent Creditors (each a “Secured Party”) for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those liabilities or Debtor liabilities, *provided* that, notwithstanding any other provision of any debt document, the Transferee shall not be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement; and
  - (B) (if the Security Agent (acting in accordance with the Intercreditor Agreement) does intend that any Transferee will be treated as a Primary Creditor or a Secured Party for the purposes of the Intercreditor Agreement), to execute and deliver or enter into any agreement to dispose of: all (and not part only) of the liabilities owed to the Primary Creditors and all or part of any other liabilities and the Debtor liabilities,

on behalf of, in each case, the relevant creditors and Debtors;

- (v) if the asset which is disposed of consists of shares in the capital of a Debtor or the holding company of a Debtor (the “Disposed Entity”) and the Security Agent (acting in accordance with the Intercreditor Agreement) decides to transfer to another Debtor (the “Receiving Entity”) all or any part of the Disposed Entity’s obligations or any obligations of any subsidiary of that Disposed Entity in respect of the intra-group liabilities or the Debtor liabilities, to execute and deliver or enter into any agreement to:
  - (A) agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the relevant intra-group lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and
  - (B) (if the Receiving Entity is a holding company of the Disposed Entity which is also a guarantor of Senior Liabilities) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or Debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or Debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or Debtor liabilities) shall be paid to the Security Agent for application in accordance with the provisions set out under the caption “—*Application of Proceeds*” as if those proceeds were the proceeds of an enforcement of the security and, to the extent that any disposal of liabilities or Debtor liabilities has occurred, as if that disposal of liabilities or Debtor liabilities had not occurred.

In the case of a Distressed Disposal (or a disposal of liabilities) effected by, or at the request of, the Security Agent (acting in accordance with the Intercreditor Agreement), the Security Agent shall take reasonable care to obtain a fair market price in the prevailing market conditions (though the Security Agent shall not have any obligation to postpone any such Distressed Disposal or disposal of liabilities in order to achieve a higher price).

Where borrowing liabilities in respect of any Senior Liabilities would otherwise be released pursuant to the Intercreditor Agreement, the creditor concerned may elect to have those borrowing liabilities transferred to the Parent or the Company (provided, in the case of a transfer to the Company, it will remain a subsidiary of the Parent after the relevant Distressed Disposal), in which case the Security Agent is irrevocably authorized (to the extent legally possible and at the cost of the relevant Debtor or the Parent and without any consent, sanction, authority or further confirmation from any creditor or Debtor) to execute such documents as are required to so transfer those borrowing liabilities.

Subject to the immediately following paragraph, in the case of a Distressed Disposal effected by or at the request of the Security Agent, unless the consent of each Senior Agent is otherwise obtained, it is a further condition to any release, transfer or disposal that the proceeds of such disposal are in cash (or substantially all in cash) and such sale or disposal is made pursuant to a public auction in respect of which the Primary Creditors are entitled to participate or where a financial advisor selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

If prior to the discharge date for the Senior Parent Notes or any Permitted Parent Financing Debt, a Distressed Disposal is being effected such that the Senior Parent Notes Guarantees and the guarantees of any Permitted Parent Financing Debt or any security over the assets of the Parent or any Senior Parent Guarantor (including the shares in and/or any loan to the Company) will be released and/or the Senior Parent Notes liabilities and any Permitted Parent Financing Liabilities will be released, it is a further condition to the release that either:

- the Senior Parent Agents have approved the release; or
- where shares or assets of a Senior Parent Guarantor or assets of the Parent are sold:
  - (A) the proceeds of such sale or disposal are in cash (or substantially in cash);
  - (B) all claims of the Senior Secured Creditors (other than in relation to performance bonds or guarantees or similar instruments) against a member of the Group (if any), all of whose shares (other than any minority interest not owned by members of the Group) are sold or disposed of pursuant to such Enforcement Action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the Security Documents in respect of the assets that are sold or



disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that, if each Senior Agent (acting reasonably and in good faith):

- (I) determines that the Senior Secured Creditors will recover a greater amount if such claim is sold or otherwise transferred to the purchaser or one of its affiliates and not released or discharged; and
  - (II) serves a written notice on the Security Agent confirming the same,
- the Security Agent shall be entitled to sell or otherwise transfer such claim to the purchaser or one of its affiliates; and
- (C) such sale or disposal is made:
- (I) pursuant to a public auction in respect of which the Primary Creditors are entitled to participate; or
  - (II) where a financial advisor selected by the Security Agent has delivered an opinion in respect of such sale or disposal that the amount received in connection therewith is fair from a financial point of view.

### ***Application of Proceeds***

The Intercreditor Agreement provides that secured parties may only benefit from Recoveries (as defined below) to the extent that the liabilities of such secured parties has the benefit of the guarantees or security under which such Recoveries are received and provided that, in all cases, the rights of such secured parties shall in any event be subject to the priorities set out in this section. This shall not prevent a Senior Secured Creditor benefiting from such Recoveries where it was not legally possible for the Senior Secured Creditor to obtain the relevant guarantees or security.

### ***Order of Application***

The Intercreditor Agreement provides that all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any debt document or in connection with the realization or enforcement of all or any part of the security (for the purposes of this “—*Application of Proceeds*” section and the “—*Equalization of the Senior Secured Creditors*” section, the “Recoveries”) shall be applied by the Security Agent at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this “—*Application of Proceeds*” section), in the following order of priority:

- (i) in discharging any sums owing to the Senior Facility Agent (in respect of the amounts due to the Senior Facility Agent), any Senior Creditor Representative (in respect of amounts due to the Senior Creditor Representative), any Senior Parent Creditor Representative (in respect of amounts due to the Senior Parent Creditor Representative) or any Senior Notes Trustee amounts or Senior Parent Notes Trustee amounts, or any sums owing to the Security Agent, any receiver or any delegate on a pro rata and *pari passu* basis;
- (ii) in payment of all costs and expenses incurred by any agent or Primary Creditor in connection with any realization or enforcement of the security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent under the Intercreditor Agreement;
- (iii) in respect of Recoveries resulting from the realization or enforcement of all or any part of the Transaction Security or a transaction in lieu thereof, in payment to:
  - (A) the Senior Facility Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders; and
  - (B) the Hedge Counterparties,

for application towards the discharge of:

- (I) the liabilities of the Debtors owing to the arrangers under or in connection with the Senior Facilities and the Senior Lender Liabilities (in accordance with the terms of the finance documents relating to the Senior Facilities); and
- (II) the Hedging Liabilities (on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty);

on a pro rata basis and *pari passu* between the immediately preceding paragraphs (I) and (II) above;

(iv) in payment to:

- (A) the Senior Facility Agent on its own behalf and on behalf of the senior arrangers and the Senior Lenders;

- (B) the Hedge Counterparties;
  - (C) each Senior Notes Trustee on its own behalf and on behalf of the holders of the Senior Notes; and
  - (D) each Senior Creditor Representative on its own behalf and on behalf of the arrangers with respect to the Permitted Senior Financing Debt and the Permitted Senior Financing Creditors; and
  - (v) for application towards the discharge of:
    - (I) the liabilities of the Debtors owed to the senior arrangers under or in connection with the Senior Facilities and the Senior Lender Liabilities (in accordance with the terms of the finance documents in relation to the Senior Facilities);
    - (II) the Hedging Liabilities (on a pro rata basis between the Hedging Liabilities of each Hedge Counterparty); and
    - (III) the Senior Notes liabilities (other than sums owing to the Security Agent) (in accordance with the terms of the Senior Notes finance documents);
    - (IV) the liabilities of the Debtors owed to the arrangers of the Permitted Senior Financing Debt and the Permitted Senior Financing Liabilities (other than the liabilities owing to a Senior Creditor Representative) (in accordance with the terms of the Permitted Senior Financing Documents and, if there is more than one Permitted Senior Financing Agreement, on a pro rata basis between the Permitted Senior Financing Debt in respect of each Permitted Senior Financing Agreement);
- on a pro rata basis and *pari passu* between the immediately preceding paragraphs (I), (II), (III) and (IV) above;
- (vi) in payment to:
    - (A) each Senior Parent Notes Trustee on its own behalf and on behalf of the Senior Parent Note holders; and
    - (B) each Senior Parent Creditor Representative on its own behalf and on behalf of the arrangers under the Permitted Parent Financing Debt and the Permitted Parent Financing Creditors,
- for application towards the discharge of:
- (I) the Senior Parent Notes liabilities (other than any sums owing to the Security Agent) (in accordance with the terms of the Senior Parent Notes finance documents); and
  - (II) the liabilities of the Debtors owed to the arrangers of the Permitted Parent Financing Debt and the Permitted Parent Financing Liabilities (other than the liabilities owing to a Senior Parent Creditor Representative) (in accordance with the terms of the Permitted Parent Financing Documents and, if there is more than one Permitted Parent Financing Agreement, on a pro rata basis between the Permitted Parent Financing Debt in respect of each Permitted Parent Financing Agreement),
- on a pro rata basis and *pari passu* between the immediately preceding paragraphs (I) and (II) above;
- (vii) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and
  - (viii) the balance, if any, in payment to the relevant Debtor.

#### *Liabilities of the Parent*

All amounts from time to time received or recovered by the Security Agent from or in respect of the Parent pursuant to the terms of any debt document (other than in connection with the realization or enforcement of all or any part of the security) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law in the following order of priority:

- (i) in accordance with paragraph (i) of the section captioned “*Application of Proceeds—Order of Application*”;
- (ii) in accordance with paragraphs (iv) and (v) of the section captioned “*Application of Proceeds—Order of Application*,” *provided* that payments will be made on a *pro rata* basis and *pari passu* between each of the payments referred to in paragraphs (iv) and (v);

- (iii) if none of the Debtors is under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor; and
- (iv) the balance, if any, in payment to the relevant Debtor.

### ***Equalization of the Senior Secured Creditors***

The Intercreditor Agreement provides that if, for any reason, any Senior Liabilities remain unpaid after the enforcement date and the resulting losses are not borne by the Senior Secured Creditors in the proportions which their respective exposures at the enforcement date bore to the aggregate exposures of all the Senior Secured Creditors at the enforcement date (or, in the case of Recoveries resulting from the realization or enforcement of all or any part of the Transaction Security or a transaction in lieu thereof, in a manner reflecting the order of priority contemplated in the section captioned “—*Application of Proceeds—Order of Application*”), the Senior Secured Creditors (subject, in the case of amounts owing to the applicable trustee, to the terms of the Intercreditor Agreement) will make such payments among themselves as the Security Agent shall require to put the Senior Secured Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions (or, as the case may be, to otherwise reflect the order of priority contemplated in the section captioned “—*Application of Proceeds—Order of Application*”).

### ***Required Consents***

The Intercreditor Agreement provides that, subject to certain exceptions, it and/or a Security Document may be amended or waived only with the written consent of:

- (i) if the relevant amendment or waiver (the “Proposed Amendment”) is prohibited by the Senior Facilities Agreement, the Senior Facility Agent (acting on the instructions of the requisite Senior Lenders in accordance with the applicable provisions of the Senior Facilities Agreement);
- (ii) if the Proposed Amendment is prohibited by the terms of the relevant Senior Notes Indenture, the Senior Notes Trustee;
- (iii) if any Permitted Senior Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Senior Financing Agreement, the Senior Creditor Representative in respect of that Permitted Senior Financing Debt (if applicable, acting on the instructions of the Majority Permitted Senior Financing Creditors);
- (iv) if the Proposed Amendment is prohibited by the terms of the relevant Senior Parent Notes Indenture, the Senior Parent Notes Trustee;
- (v) if any Permitted Parent Financing Debt has been incurred and the Proposed Amendment is prohibited by the terms of the relevant Permitted Parent Financing Agreement, the Senior Parent Creditor Representative in respect of that Permitted Parent Financing Debt (if applicable, acting on the instructions of the Majority Permitted Parent Financing Creditors);
- (vi) if a Hedge Counterparty is providing hedging to a Debtor under a hedging agreement, that Hedge Counterparty (in each case only to the extent that the relevant amendment or waiver adversely affects the continuing rights and/or obligations of that Hedge Counterparty and is an amendment or waiver which is expressed to require the consent of that Hedge Counterparty under the applicable hedging agreement, as notified by the Parent to the Security Agent at the time of the relevant amendment or waiver);
- (vii) any investors which have acceded to, and as permitted under, the Intercreditor Agreement; and
- (viii) the Parent.

Notwithstanding the foregoing, any amendment or waiver of any Secured Debt Document that is made or effected in connection with any Debt Refinancing (see “—*Debt Refinancing*”), any incurrence of additional and/or refinancing debt (as referred to in “—*Ranking and Priority—Additional and/or Refinancing Debt*”) or Non-Distressed Disposal (see “—*Proceeds of Disposals—Non-Distressed Disposals*”) is binding on all parties to the Intercreditor Agreement.

The Intercreditor Agreement or a Security Document may be amended by the Parent and the Security Agent without the consent of any other party, to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise for the benefit of all or any of the Secured Parties. Any amendment, waiver or consent which relates only to the rights or obligations applicable to creditors under a

particular Debt Financing Agreement (and which does not materially and adversely affect the rights or interests of creditors under other Debt Financing Agreements) may be approved with only the consent of the agent in respect of that Debt Financing Agreement and the Parent.

#### *Amendments and Waivers: Security Documents*

Subject to the paragraph below and to certain exceptions under the Intercreditor Agreement, the Security Agent may, if authorized by an Instructing Group, and if the Parent consents, amend the terms of, waive any of the requirements of or grant consents under, any of the Security Documents which shall be binding on each party to the Intercreditor Agreement.

Subject to the second and third paragraphs of the section captioned “—*Exceptions*” below, any amendment or waiver of, or consent under, any Security Document which would adversely affect the nature or scope of the charged property or the manner in which the proceeds of enforcement of the security are distributed requires approval as set out under the section captioned “—*Required Consents*.”

#### *Exceptions*

Subject to the following paragraphs of this “—*Exceptions*” section, an amendment, waiver or consent which adversely relates to the express rights or obligations of an agent, an arranger or the Security Agent (in each case in such capacity) may not be effected without the consent of that agent, that arranger or the Security Agent (as the case may be) at such time.

The foregoing shall not apply:

- to any release of security, claim or liabilities; or
- to any consent,

which, in each case, the Security Agent gives in accordance with the provisions set out in the caption “—*Application of Proceeds—Proceeds of Disposals*” above.

The first paragraph of this “—*Exceptions*” section shall apply to an arranger only to the extent that the arranger liabilities are then owed to that arranger.

#### *Agreement to Override*

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the debt documents to the contrary.

## DESCRIPTION OF THE SENIOR SECURED NOTES

The following is a description of CHF 1,758,010,000 (equivalent) aggregate principal amount of Senior Secured Notes due 2022 comprising: (i) the CHF 450,000,000 aggregate principal amount of 3.625% Senior Secured Notes due 2022 (the “CHF Fixed Rate Notes”), (ii) the €1,000,000,000 aggregate principal amount of 3.875% Senior Secured Notes due 2022 (the “Euro Fixed Rate Notes” and, together with the CHF Fixed Rate Notes, the “Fixed Rate Notes”) and (iii) the €265,000,000 aggregate principal amount of Floating Rate Senior Secured Notes due 2022 (the “Floating Rate Notes” and, together with the Fixed Rate Notes, the “Notes”). The Notes will be issued by Matterhorn Telecom S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg (the “Issuer”), and unconditionally guaranteed on a senior secured basis by its direct parent, Matterhorn Telecom Holding S.A. (the “Company”), and its subsidiaries Matterhorn Mobile S.A. (“Matterhorn Mobile”), Orange Communications SA (“Orange”) and Orange Network SA (“Orange Network”).

In this “*Description of the Senior Secured Notes*,” the “Issuer” refers only to Matterhorn Telecom S.A., and any successor obligor to Matterhorn Telecom S.A. on the Notes, and not to any of its subsidiaries or to its parent, the Company. The Company has been organized as a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg and shall issue the Senior Notes due 2023 (together with any additional Senior Notes issued under the relevant indenture, the “Senior Notes”) concurrently with the issuance of the Notes.

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer, together with the proceeds of the Senior Notes, to redeem in full the existing notes of the Matterhorn Group, to terminate or amend our existing hedging obligations, to make a distribution to our shareholder, and to pay fees, costs and expenses payable in connection therewith, in all cases as set forth in this Offering Memorandum under the caption “*Use of Proceeds*.”

Upon the initial issuance of the Notes, the Notes will be obligations of the Issuer and will be guaranteed by the Company (the “Parent Guarantee”) and the Subsidiary Guarantors. The Guarantors that are Restricted Subsidiaries (as defined below) of the Issuer are referred to herein as the “Subsidiary Guarantors” and each guarantee provided by such a Subsidiary Guarantor, a “Subsidiary Guarantee.”

The Issuer will issue the Notes under an indenture to be dated as of the Issue Date among, *inter alios*, the Issuer, the Company, the Subsidiary Guarantors and Deutsche Trustee Company Limited, as Trustee (the “Indenture”). The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See “*Notice to Investors*.” The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under, incorporate provisions by reference or be subject to any provision of the Trust Indenture Act. The Notes are subject to all such terms pursuant to the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The following is a summary of the material provisions of the Indenture and the Security Documents and refers to the Intercreditor Agreement and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, the Security Documents and the Intercreditor Agreement, respectively. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture and the Security Documents in their entirety. Copies of the Indenture and the Intercreditor Agreement are available as described under “*Available Information*.” You can find the definitions of certain terms used in this description under “*Certain Definitions*.”

### Brief Description of the Notes and the Notes Guarantees

#### *The Notes*

The Notes will upon issuance:

- be senior obligations of the Issuer, secured by the Collateral described below under “*Security—The Collateral*” on a first-priority basis along with obligations under the Revolving Credit Facility and certain hedging agreements (although any liabilities in respect of obligations under the Revolving Credit Facility and such hedging agreements that are secured by the Collateral will receive priority over the Holders with respect to any proceeds received upon any enforcement action over the Collateral);
- be senior in right of payment to any Subordinated Indebtedness of the Issuer, including the senior subordinated guarantee of the Senior Notes given by the Issuer;
- be effectively senior in right of payment to any existing or future unsecured obligations of the Issuer, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes;



- be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness;
- be effectively subordinated to any existing and future indebtedness of subsidiaries of the Issuer that do not guarantee the Notes; and
- be unconditionally guaranteed on a senior secured basis by the Guarantors, subject to the guarantee limitations described herein and in *“Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability.”*

### ***The Parent Guarantee***

The Parent Guarantee of the Notes will upon issuance:

- be senior obligations of the Company, secured by the Collateral described below under *“—Security—The Collateral”* on a first-priority basis along with obligations under the Revolving Credit Facility and certain hedging agreements (although any liabilities in respect of obligations under the Revolving Credit Facility and such hedging agreements that are secured by the Collateral will receive priority over the Holders with respect to any proceeds received upon any enforcement action over the Collateral);
- be senior in right of payment to any Subordinated Indebtedness of the Company;
- be senior in right of payment to any future Subordinated Shareholder Funding of the Company;
- be effectively senior in right of payment to any existing or future unsecured obligations of the Company, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes;
- is effectively senior in right of payment to any existing or future obligations of the Company secured on a basis junior to the Notes, including the Senior Notes, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes; and
- be effectively subordinated to any existing and future indebtedness of the Company that is secured by property or assets that do not secure the Guarantor’s guarantee, to the extent of the value of the property or assets securing such indebtedness.

### ***The Subsidiary Guarantees***

Each Subsidiary Guarantee of the Notes will upon issuance:

- be the senior obligation of the relevant Subsidiary Guarantor, secured by the Collateral described below under *“—Security—The Collateral”* on a first-priority basis along with obligations under the Revolving Credit Facility and certain hedging agreements (although any liabilities in respect of obligations under the Revolving Credit Facility and such hedging agreements that are secured by the Collateral will receive priority over the Holders with respect to any proceeds received upon any enforcement action over the Collateral);
- be senior in right of payment to any Subordinated Indebtedness of the relevant Subsidiary Guarantor, including the guarantees of the Senior Notes, as applicable;
- be senior in right of payment to any future subordinated shareholder funding of the Subsidiary Guarantors;
- be effectively senior in right of payment to any existing or future unsecured obligations of the Subsidiary Guarantors, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes; and
- be effectively senior in right of payment to any existing or future obligations of the relevant Subsidiary Guarantor secured on a basis junior to the Notes, to the extent of the value of the Collateral that is available to satisfy the obligations under the Notes.
- be effectively subordinated to any existing and future indebtedness of the Subsidiary Guarantors that is secured by property or assets that do not secure the Guarantor’s guarantee, to the extent of the value of the property or assets securing such indebtedness; and

- be subject to the guarantee limitations described herein and in “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability.*”

## **Principal and Maturity**

The Issuer will issue CHF 1,758 million (equivalent) aggregate principal amount of Senior Secured Notes due 2022 comprising: (i) the CHF 450 million aggregate principal amount of CHF Fixed Rate Notes, (ii) the €1,000 million aggregate principal amount of Euro Fixed Rate Notes and (iii) the €265 million aggregate principal amount of Floating Rate Notes. The Notes have a maturity price of 100% (plus accrued interest, if any, from the Issue Date) and will mature on May 1, 2022. The CHF Fixed Rate Notes will be issued in minimum denominations of CHF 150,000 and in integral multiples of CHF 1,000 in excess thereof. The Euro Fixed Rate Notes and the Floating Rate Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

## **Interest**

### ***Interest on the CHF Fixed Rate Notes***

Interest on the CHF Fixed Rate Notes will accrue at the rate of 3.625% per annum and will be payable, in cash, semi-annually in arrears on May 1 and November 1 of each year, commencing on November 1, 2015, to holders of record on the immediately preceding April 15 and October 15, respectively. Interest on the CHF Fixed Rate Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

### ***Interest on the Euro Fixed Rate Notes***

Interest on the Euro Fixed Rate Notes will accrue at the rate of 3.875% per annum and will be payable, in cash, semi-annually in arrears on May 1 and November 1 of each year, commencing on November 1, 2015, to holders of record on the immediately preceding April 15 and October 15, respectively. Interest on the Euro Fixed Rate Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

### ***Interest on the Floating Rate Notes***

Interest on the Floating Rate Notes will accrue at a rate per annum (the “Applicable Rate”), reset quarterly, equal to EURIBOR plus 3.75%, as determined by the calculation agent (the “Calculation Agent”), which shall initially be Deutsche Bank AG, London Branch. Interest on the Floating Rate Notes will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash quarterly on February 1, May 1, August 1 and November 1, commencing on August 1, 2015; and
- be payable to the holder of record of such Floating Rate Note on January 15, April 15, July 15 and October 15 immediately preceding the related interest payment date.

Set forth below is a summary of certain of the provisions from the Indenture relating to the calculation of interest on the Floating Rate Notes.

“*Determination Date,*” with respect to an Interest Period will be the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

“*EURIBOR,*” with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in euros 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; *provided, however*, that EURIBOR shall never be less than 0%. 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 euros 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 euros 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 two 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 and end on and exclude August 1, 2015.

*"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 by 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 Floating Rate Note outstanding at the commencement of the Interest Period, multiplying each such amount by the actual amounts of days in the Interest Period concerned divided by 360 and rounding the resultant figure upwards to the nearest available currency unit. 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 Floating Rate Notes be higher than the maximum rate permitted by applicable law.

#### **Additional Notes**

From time to time, subject to the Issuer's compliance with the covenants described under the headings "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*," the Issuer is permitted to issue additional Notes, which shall have terms substantially identical to the CHF Fixed Rate Notes, the Euro Fixed Rate Notes, or the Floating Rate Notes, as applicable except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee ("Additional Notes"):

- (1) the title of such Additional Notes;
- (2) the aggregate principal amount of such Additional Notes;
- (3) the date or dates on which such Additional Notes have been issued;
- (4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;
- (5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

- (6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;
- (7) if other than denominations of (x) €100,000 and in integral multiples of €1,000 in excess thereof in relation to euro-denominated Additional Notes and (y) CHF 150,000 and in integral multiples of CHF 1,000 in excess thereof in relation to CHF-denominated Additional Notes, the denominations in which such Additional Notes shall be issued and redeemed; and
- (8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Each of the CHF Fixed Rate Notes, the Euro Fixed Rate Notes and the Floating Rate Notes will constitute a separate series of Notes but will be treated as a single class of securities for all purposes of the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise provided for in the Indenture. Additional Notes will be treated, along with all other series of Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires, for all purposes of the Indenture and this “*Description of the Senior Secured Notes*,” references to “Notes” shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes.

Additional Notes may also be designated as Additional CHF Fixed Rate Notes, Additional Euro Fixed Rate Notes, or Additional Floating Rate Notes, but only if having terms substantially identical in all material respects to the initial CHF Fixed Rate Notes, initial Euro Fixed Rate Notes, or initial Floating Rate Notes, respectively. The initial CHF Fixed Rate Notes and any Additional CHF Fixed Rate Notes shall be deemed to form one series and references to the “CHF Fixed Rate Notes” shall be deemed to refer to the CHF Fixed Rate Notes initially issued on the Issue Date as well as any Additional CHF Fixed Rate Notes. The initial Euro Fixed Rate Notes and any Additional Euro Fixed Rate Notes shall be deemed to form one series and references to the “Euro Fixed Rate Notes” shall be deemed to refer to the Euro Fixed Rate Notes initially issued on the Issue Date as well as any Additional Euro Fixed Rate Notes. The initial Floating Rate Notes and any Additional Floating Rate Notes shall be deemed to form one series and references to the “Floating Rate Notes” shall be deemed to include the Floating Rate Notes initially issued on the Issue Date as well as any Additional Floating Rate Notes.

#### **Methods of Receiving Payments on the Notes**

Principal, premium, if any, interest and Additional Amounts (defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of the applicable Paying Agent; *provided* that all such payments with respect to Notes represented by one or more Global Note registered in the name of or held by a nominee of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities (“Definitive Registered Notes”) will be payable at the specified office or agency of the applicable Paying Agent in the City of London maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See “—*Paying Agent and Registrar for the Notes*.”

#### **Paying Agent and Registrar for the Notes**

The Issuer will maintain one or more paying agents (each a “Paying Agent”) for the Notes in the City of London. The Issuer will also undertake, to the extent possible, to use reasonable efforts to maintain a paying agent having a specified office in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC (the “Directive”) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 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 Paying Agent for the Notes will be Deutsche Bank AG, London Branch in London.

The Issuer will also maintain one or more registrars (each, a “Registrar”) with offices in Luxembourg, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require. The Issuer will also maintain a transfer agent (the “Transfer Agent”) in Luxembourg. The initial Registrar and Transfer Agent will be Deutsche Bank Luxembourg S.A. in Luxembourg. The Registrar and the Transfer Agent in Luxembourg will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. Each transfer agent shall perform the functions of a Transfer Agent.

The Issuer may change any Paying Agent, Registrar, Calculation Agent or Transfer Agent for the Notes without prior notice to the Holders of the Notes. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar, Calculation Agent or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### **Transfer and Exchange**

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the “144A Global Notes”).
- The 144A Global Notes will, upon issuance, be deposited with and registered in the name of the common depositary (or its nominee) for the accounts of Euroclear and Clearstream.
- The Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the “Regulation S Global Notes” and, together with the 144A Global Notes, the “Global Notes”).
- The Regulation S Global Notes will, upon issuance, be deposited with and registered in the name of the common depositary (or its nominee) for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes (“Book-Entry Interests”) will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under “*Notice to Investors*.” In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book-Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Notice to Investors*” and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 or CHF 150,000 aggregate principal amount, as the case may be, and integral multiples of €1,000 in excess thereof or CHF 1,000 in excess thereof, as the case may be, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the



participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Transfer Restrictions*.”

Subject to the restrictions on transfer referred to above, the Euro Fixed Rate Notes and the Floating Rate Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in aggregate principal amount and integral multiples of €1,000 in excess thereof and CHF Fixed Rate Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of CHF 150,000 in aggregate principal amount and integral multiples of CHF 1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Notes:

- (1) for a period of 15 days prior to any date fixed for the redemption of such Notes;
- (2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;
- (3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes; or
- (4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Registrar and the Paying Agents will be entitled to treat the Holder of a Note as the owner of it for all purposes.

#### **Restricted Subsidiaries and Unrestricted Subsidiaries**

On the Issue Date, all of the Company’s Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under “—*Certain Definitions—Unrestricted Subsidiary*,” the Company will be permitted to designate Restricted Subsidiaries (other than the Issuer) as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

#### **The Proceeds Loan and Profit Participating Loan**

The Issuer will enter into a downstream proceeds loan with Matterhorn Mobile (the “Proceeds Loan”). Matterhorn Mobile has in place a downstream profit participating loan (the “Profit Participating Loan”) with Orange. The Proceeds Loan will be, and the Profit Participating Loan is, subordinated in right of payment to the Notes and the Notes Guarantees pursuant to the Intercreditor Agreement.

It is anticipated that funds received by the Issuer from Matterhorn Mobile as payments of interest under the Proceeds Loan and funds received by Matterhorn Mobile from Orange as payments of interest under the Profit Participating Loan or any replacement intragroup loan will be used to service interest payments under the Senior Secured Notes. As the amount of the Profit Participating Loan is less than the aggregate amount of the Notes being offered hereby, and the Profit Participating Loan does not bear interest at a rate identical to that of the Notes, Orange may upstream further funds as needed, including to make interest payments on the Notes by means of dividends or loans or by the repayment of principal under the Proceeds Loan or the Profit Participating Loan.

Following the offering of the Notes and as part of the Transactions, the Profit Participation Loan may be amended. The Indenture will not contain any restrictions on the ability of the Issuer or any of its Restricted Subsidiaries to amend the terms of the Profit Participating Loan.

#### **Notes Guarantees**

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control, will (subject to the Agreed Security Principles) be guaranteed, jointly and severally on a senior basis, by the Company and each material subsidiary of the Company that is a guarantor under the Revolving Credit Facility (each a “Guarantor” and such guarantee, a “Notes Guarantee”).

The initial Guarantors, the type of Guarantee and their respective jurisdictions of incorporation will be as follows:

Matterhorn Telecom Holding S.A.	Parent Guarantee	Luxembourg
Matterhorn Mobile S.A.	Subsidiary Guarantee	Luxembourg
Orange Communications SA	Subsidiary Guarantee	Switzerland
Orange Network SA	Subsidiary Guarantee	Switzerland

For the year ended December 31, 2014, after giving effect to the Transactions, Matterhorn Mobile, Orange and Orange Network account for 100% of the revenues, 100.3% of the EBITDA (Orange's only subsidiary that will not guarantee the Notes, Orange (Liechtenstein) AG, generated negative EBITDA) and 99.1% of the total assets of the Company and its Subsidiaries.

In addition, as described below under “—*Certain Covenants—Additional Guarantees*” and subject to the Intercreditor Agreement and the Agreed Security Principles, each Restricted Subsidiary of the Issuer that guarantees the Revolving Credit Facility, Public Debt or certain other indebtedness shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility, the Notes and the Senior Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, “thin capitalization” rules, retention of title claims and similar matters.

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*,” “*Risk Factors—Risks Related to the Notes and Our Structure—The Swiss collateral is subject to hardening periods and the Swiss Guarantees are subject to fraudulent transfer (avoidance actions)*” and “*Risk Factors—Risks Related to the Notes and Our Structure—The insolvency laws of Luxembourg and Switzerland may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.*”

The Notes Guarantee of a Guarantor will terminate and release upon:

- except in the case of the Parent Guarantee, a sale, disposition, exchange or other transfer (including by way of consolidation, merger, amalgamation or combination) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a Restricted Subsidiary, including, for the avoidance of doubt, the liquidation of Matterhorn Mobile, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary), in each case, otherwise permitted by the Indenture;
- except in the case of the Parent Guarantee, the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- defeasance or discharge of the Notes, as provided in “—*Defeasance*” and “—*Satisfaction and Discharge*”;
- except in the case of the Parent Guarantee, with respect to a Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility and (ii) does not guarantee any other Credit Facility or Public Debt;
- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement; or
- as described under “—*Amendments and Waivers.*”

Substantially all the operations of the Company (and the Issuer) are conducted through its Subsidiaries. Claims of creditors of non-guarantor Subsidiaries, including trade creditors, secured creditors and creditors

holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes and each Notes Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Company (other than the Guarantors). As of and for the year ended December 31, 2014, after giving effect to the Transactions, the total liabilities of the Company and the Issuer's Subsidiary that will not guarantee the Notes were immaterial. Although the Indenture limits the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*Certain Covenants—Limitation on Indebtedness.*"

## Security

### *The Collateral*

Pursuant to the Security Documents to be entered into on or prior to the Issue Date, each of the Issuer and the Guarantors has granted or will grant in favor of Société Générale as security agent (the "Security Agent"), liens and security interests on an equal and ratable first-priority basis, subject to the operation of the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, over those of its assets listed below:

- (a) shares of capital stock of each of Matterhorn Mobile, Orange, Orange Network and the Issuer;
  - (b) certain bank accounts;
  - (c) intragroup receivables, including the Proceeds Loan and the Profit Participating Loan; and
  - (d) the rights of Matterhorn Mobile under the Apax Acquisition Agreement,
- (together the "Initial Collateral"),

*provided* that lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations will receive proceeds from the enforcement of the security in priority to holders of the Notes.

In addition, subject to the Intercreditor Agreement and subject to the Agreed Security Principles, each subsidiary of the Company that accedes to the Revolving Credit Facility as a guarantor after the Issue Date and grants security in connection with such accession shall also enter into a supplemental indenture as a Guarantor with respect to the Notes and accede to the Intercreditor Agreement, and security will be granted over the ownership interests in such Subsidiary Guarantor and certain of its material assets including operating bank accounts and intercompany receivables (together with the Initial Collateral, the "Collateral"). All Collateral shall be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

Notwithstanding the foregoing, certain assets will not be pledged (or the Liens not perfected) in accordance with the Agreed Security Principles, including:

- if the cost of providing security is not proportionate to the benefit accruing to the Holders;
- if there is material incremental cost involved in creating security over all assets of a Guarantor in a particular category of assets, only the material assets in that category will be subject to security;
- if providing such security requires consent before such assets may be secured or where providing such security would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of the Company, the Issuer or any of their Subsidiaries in respect of those assets or require any of them to take any action materially adverse to their interests and where (subject to certain conditions being met) such consent cannot be obtained after the use of reasonable endeavors;
- if providing such security would be prohibited by applicable law, general statutory limitations, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules or similar matters or providing security would be outside the applicable pledgor's capacity or conflict with fiduciary duties of directors or cause material risk of personal or criminal liability after the use of reasonable endeavors to overcome such prohibitions (if possible);
- if in certain jurisdictions it may be either impossible or impractical to create security over certain categories of assets, security will not be taken over such assets;

- if providing such security would have a material adverse effect (as reasonably determined in good faith by such Subsidiary) on the ability of such Subsidiary to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture and any requirement under the Agreed Security Principles to seek consent of any person or take or not take any other action shall be subject to this principle;
- no perfection action will be required in jurisdictions where a Guarantor is not located but perfection action may be required in the jurisdiction of one Guarantor in relation to security granted by another Guarantor located in a different jurisdiction and (where otherwise consistent with the Agreed Security Principles) in any supra-national registries agreed between the Company and the Security Agent from time to time;
- in the case of bank accounts, if providing such security or perfecting liens thereon would require giving notice to the banks with whom the accounts are maintained, such notice will only be provided after the Notes are accelerated; and
- in the case of receivables, notification of receivables security to debtors and of security over goods held by third parties will only be provided after the Notes are accelerated, subject to certain exceptions.

The Collateral will also secure, on an equal and ratable basis, the liabilities under the Revolving Credit Facility and certain Hedging Obligations and any Additional Notes. Subject to certain conditions, including compliance with the covenant described under “—*Certain Covenants—Impairment of Security Interest*,” the Company and the Guarantors are permitted to grant security over the Collateral in connection with future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, including any Additional Notes, in each case, as permitted under the Indenture.

Subject to the Agreed Security Principles, if material property is acquired by the Company or any Guarantor that is not automatically subject to a perfected security interest under the Security Documents and which will be subject to a security interest in favor of the lenders under the Revolving Credit Facility, then (to the extent the security interest is not already granted in favor of the Security Agent for the Holders of the Notes) the Company or such Guarantor will within 60 days provide security over this property in favor of the Security Agent pursuant to the covenant entitled “*Additional Guarantees*.”

### ***Administration of Security and Enforcement of Liens***

The Security Documents and the Collateral will be administered by the Security Agent, in each case pursuant to the Intercreditor Agreement for the benefit of all holders of secured obligations. The enforcement of the Security Documents will be subject to the procedures set forth in the Intercreditor Agreement. For a description of the Intercreditor Agreement, see “*Description of Certain Financing Arrangements—Intercreditor Agreement*.”

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the Issuer’s or a Guarantor’s bankruptcy. See “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*” and “*Risk Factors—Risks Related to the Notes and Our Structure—The insolvency laws of Luxembourg and Switzerland may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes*.” In addition, the enforcement of the Collateral will be limited to the maximum amount required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. As a result of these limitations, the enforceable amounts of the Issuer’s obligation under the Notes and a Guarantor’s obligation under its Notes Guarantee could be significantly less than the total amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*.”

Subject to the terms of the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral would be

sufficient to satisfy the obligations owed to the holders of the Notes, the payment of obligations under the Revolving Credit Facility and certain Hedging Obligations. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all.

In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of some of the Collateral. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*”

The Trustee for the Notes has, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed Société Générale, as Security Agent to act as its agent under the Intercreditor Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents);
- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which it is a party (including, without limitation, the Security Documents), together with any other incidental rights, power and discretions; and (ii) execute each document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf; and
- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below) and each Holder will also be deemed to have authorized the Trustee to enter into any such Additional Intercreditor Agreement.

### ***Priority***

The relative priority with regard to the Collateral as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, (c) the Trustee and the Holders under the Indenture and (d) the Trustee and the Holders with respect to the Senior Notes, is established by the terms of the Intercreditor Agreement and the Security Documents, which provide that the obligations under the Notes will receive proceeds of enforcement of security over the Collateral only after the claims of the Revolving Credit Facility and certain Hedging Obligations are satisfied but before the claims of the Senior Notes are satisfied. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*” In addition, pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. Under certain circumstances, the creditors under such Indebtedness will receive proceeds from an enforcement of the Collateral in priority to the Trustee and the Holders under the Indenture. See “*—Release of Liens,*” “*—Certain Covenants—Impairment of Security Interest*” and “*—Certain Definitions—Permitted Collateral Liens.*”

### ***Release of Liens***

The Security Agent will take any action required to effectuate any release of Liens over the property and other assets constituting Collateral required by a Security Document:

- (1) upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or discharge or defeasance thereof in accordance with the Indenture;
- (2) upon release of a Notes Guarantee in accordance with the Indenture, the release of the property, assets and Capital Stock of such Guarantor;
- (3) in connection with any disposition of Collateral, directly or indirectly, to (a) any Person other than the Company or any of its Restricted Subsidiaries (but excluding any transaction subject to “*—Certain Covenants—Merger and Consolidation—The Company*” or “*—Certain Covenants—Merger and Consolidation—The Issuer*”) that is permitted by the Indenture (with respect to the Lien on such Collateral) or (b) the Company or any Restricted Subsidiary consistent with the Intercreditor Agreement;
- (4) in accordance with the covenant described under “*—Certain Covenants—Impairment of Security Interest*”;
- (5) automatically without any action by the Trustee, if the Lien granted in favor of the Revolving Credit Facility, Public Debt or such other Indebtedness that gave rise to the obligation to grant the Lien over



such Collateral is released (other than pursuant to the repayment and discharge thereof); *provided* that such release would otherwise be permitted by another clause above;

- (6) as otherwise provided in the Intercreditor Agreement; and
- (7) as described under “—*Amendments and Waivers.*”

Each of these releases shall be effected by the Security Agent and the Trustee without the consent of the Holders.

The Company, the Issuer and its Restricted Subsidiaries may also, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to Collateral, including, without limitation, (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien under the Security Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) selling, transferring or otherwise disposing of current assets in the ordinary course of business; and (iii) any other action permitted by the Security Documents or the Intercreditor Agreement.

### **Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements**

In connection with the Incurrence of any Indebtedness by the Company or any of its Restricted Subsidiaries that is permitted to share the Collateral, the Trustee and the Security Agent shall, at the request of the Company, enter into with the Company, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives) one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an “Additional Intercreditor Agreement”), on substantially the same terms as the Intercreditor Agreement (or terms that are not materially less favorable to the Holders) and substantially similar as applies to sharing of the proceeds of security and enforcement of security, priority and release of security; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement. In connection with the foregoing, the Company shall furnish to the Trustee such documentation in relation thereto as it may reasonably require. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described herein under “—*Certain Covenants—Limitation on Restricted Payments.*”

The Indenture will also provide that, at the written direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such Intercreditor Agreement that may be Incurred by the Company or its Restricted Subsidiaries that is subject to any such Intercreditor Agreement (provided that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens or (6) make any other change to any such agreement that does not adversely affect the Holders of Notes in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under “—*Amendments and Waivers.*” or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or any Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee and the Security Agent to enter into the Intercreditor Agreement, any amendments referenced in the preceding paragraph and any Additional Intercreditor Agreement on each Holder’s behalf.

A copy of the Intercreditor Agreement or an Additional Intercreditor Agreement shall be made available to the Holders upon request and will be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Issuer and at the offices of the Paying Agent in London.

## Optional Redemption

### *Optional Redemption of the CHF Fixed Rate Notes*

Except as set forth herein and under “—*Redemption for Taxation Reasons*,” the CHF Fixed Rate Notes are not redeemable at the option of the Issuer.

At any time prior to May 1, 2018, the Issuer may redeem the CHF Fixed Rate Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days prior written notice to the Holders of the CHF Fixed Rate Notes (with a copy to the Trustee and the Paying Agent) at a redemption price equal to 100% of the principal amount of such CHF Fixed Rate Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

At any time and from time to time on or after May 1, 2018, the Issuer may redeem the CHF Fixed Rate Notes in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to the redemption date:

<u>Twelve month period commencing May 1 in:</u>	<u>Percentage</u>
2018 .....	101.813%
2019 .....	100.906%
2020 and thereafter .....	100.000%

At any time and from time to time prior to May 1, 2018, the Issuer may redeem the CHF Fixed Rate Notes with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to 103.625% plus accrued and unpaid interest to the redemption date, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the CHF Fixed Rate Notes (including Additional CHF Fixed Rate Notes), *provided that*:

- (1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and
- (2) not less than 60% of the original principal amount of the CHF Fixed Rate Notes being redeemed (including the principal amount of any Additional CHF Fixed Rate Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

### *Optional Redemption of the Euro Fixed Rate Notes*

Except as set forth herein and under “—*Redemption for Taxation Reasons*,” the Euro Fixed Rate Notes are not redeemable at the option of the Issuer.

At any time prior to May 1, 2018, the Issuer may redeem the Euro Fixed Rate Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days prior written notice to the Holders of the Euro Fixed Rate Notes (with a copy to the Trustee and the Paying Agent) at a redemption price equal to 100% of the principal amount of such Euro Fixed Rate Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

At any time and from time to time on or after May 1, 2018, the Issuer may redeem the Euro Fixed Rate Notes in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to the redemption date:

<u>Twelve month period commencing May 1 in:</u>	<u>Percentage</u>
2018 .....	101.938%
2019 .....	100.969%
2020 and thereafter .....	100.000%

At any time and from time to time prior to May 1, 2018, the Issuer may redeem the Euro Fixed Rate Notes with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to 103.875% plus accrued and unpaid interest to the redemption date, in an aggregate principal amount for all such

redemptions not to exceed 40% of the original aggregate principal amount of the Euro Fixed Rate Notes (including Additional Euro Fixed Rate Notes), *provided that*:

- (1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and
- (2) not less than 60% of the original principal amount of the Euro Fixed Rate Notes being redeemed (including the principal amount of any Additional Euro Fixed Rate Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

### ***Optional Redemption of the Floating Rate Notes***

Except as set forth herein and under “—*Redemption for Taxation Reasons*,” the Floating Rate Notes are not redeemable at the option of the Issuer.

At any time prior to May 1, 2016, the Issuer may redeem the Floating Rate Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days prior written notice to the Holders of the Floating Rate Notes (with a copy to the Trustee and the Paying Agent) at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Floating Rate Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

At any time and from time to time on or after May 1, 2016, the Issuer may redeem the Floating Rate Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to the redemption date:

<u>Twelve month period commencing May 1 in:</u>	<u>Percentage</u>
2016 .....	101.000%
2017 and thereafter .....	100.000%

### ***General***

Any redemption and notice of redemption may, at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering).

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

### ***Sinking Fund***

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

### ***Selection and Notice***

If less than all of the Notes are to be redeemed at any time, the Trustee or the Registrar, as applicable, will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee or the Registrar, as applicable, by the Issuer, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream or Euroclear or Clearstream prescribe no method of selection, on a *pro rata* basis or by use of a pool factor; *provided, however*,

that no Note of €100,000 or CHF 150,000, as the case may be, in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 or CHF 1,000, as the case may be, will be redeemed. Neither the Trustee nor the Registrar will be liable for any selections made by it in accordance with this paragraph.

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, any such notice to the Holders of the relevant Notes shall to the extent and in the manner permitted by such rules be posted on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and in addition to such release, not less than 10 days nor more than 60 days prior to the redemption date, the Issuer will mail, or at the expense of the Issuer, cause to be mailed, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may also be posted on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

### **Redemption for Taxation Reasons**

The Issuer or Successor Issuer (as defined below) may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days prior written notice to the Holders of the Notes (which notice will be irrevocable), with a copy to the Trustee and the Paying Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a “Tax Redemption Date”) (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see “—*Withholding Taxes*”), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer, a Successor Issuer or the relevant Guarantor determines in good faith that, as a result of:

- (1) any change in, or amendment to, the law (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or
- (2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a “Change in Tax Law”),

the Issuer, a Successor Issuer or the relevant Guarantor is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, the Successor Issuer or the relevant Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and would not cause the Issuer to incur material additional out-of-pocket costs, but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of the Successor Issuer. Notice of redemption for taxation reasons will be published in accordance with the procedures described under “—*Selection and Notice*.” Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Issuer, a Successor Issuer or the relevant Guarantor would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) an Officer’s Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to

avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Issuer or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is incorporated or organized or any political subdivision or taxing authority or agency thereof or therein.

### **Withholding Taxes**

All payments made by the Issuer, a Successor Issuer or any Guarantor (a "Payor") on the Notes or the Notes Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) Luxembourg or any political subdivision or Governmental Authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on any such Note or Notes Guarantee is made by a Payor or its agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which a Payor is incorporated or organized, resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "Relevant Taxing Jurisdiction"),

will at any time be required from any payments made by a Payor with respect to any Note or Notes Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received in respect of such payments on any such Note or Notes Guarantee in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable for or on account of:

- (1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment or a dependent agent in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment in respect thereof;
- (2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence or identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by applicable law, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes;
- (3) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes;
- (4) any estate, inheritance, gift, value added, sales, excise, use, transfer, personal property or similar Taxes;
- (5) any Taxes that are required to be deducted or withheld pursuant to Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on taxation of savings income or any law implementing or complying with, or



introduced in order to conform to, such Directive or pursuant to the Luxembourg law of December 23, 2005 introducing a withholding tax on certain savings income paid to Luxembourg resident individual holders and to certain residual entities;

- (6) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent;
- (7) any Tax that is imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), any regulations or other official guidance thereunder, any intergovernmental agreement entered into in connection therewith, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to any of the foregoing or any agreements entered into pursuant to section 1471(b)(1) of the Code; or
- (8) any combination of the above.

Such Additional Amounts also will not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is permitted or required for payment) within 15 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (8) inclusive above.

In addition, no Additional Amounts shall be paid with respect to any payment to any Holder who is a fiduciary or a partnership or other than the sole beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Payor and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Issuer.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer’s Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer’s Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent will be entitled to rely solely on such Officer’s Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes Guarantees or this “*Description of the Senior Secured Notes*” there are mentioned, in any context:

- (1) the payment of principal;
- (2) purchase prices in connection with a purchase of Notes;
- (3) interest; or
- (4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other property or similar Taxes that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than a transfer

or exchange of the Notes), excluding any such Taxes imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the Holders for any such taxes paid by such Holders. The foregoing obligations of this paragraph will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is organized or any political subdivision or taxing authority or agency thereof or therein.

### **Change of Control**

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (equal to €100,000 or CHF 150,000 aggregate principal amount, as the case may be, and integral multiples of €1,000 in excess thereof or CHF 1,000 in excess thereof, as the case may be) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuer shall not be obliged to repurchase Notes as described under this "*—Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "Change of Control Offer") to each Holder of any such Notes, with a copy to the Trustee:

- (1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");
- (2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date");
- (3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;
- (4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and
- (5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;
- (3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;
- (4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and
- (5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or its authenticating agent will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in an aggregate principal amount that is at least €100,000 or CHF 150,000, as the case may be, and integral multiples of €1,000 in excess thereof or CHF 1,000 in excess thereof, as the case may be.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations, or require a repurchase of the Notes, under the Change of Control provisions of the Indenture by virtue of the conflict.

Under the Revolving Credit Facility, the occurrence of a change of control would require the repayment of such debt. Future debt of the Company or its Subsidiaries may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or requires repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See *"Risk Factors—Risks Related to the Notes and Our Structure—We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indentures and the change of control provision contained in the Indentures may not necessarily afford you protection in the event of certain important corporate events."*

Holder of the Notes may not be entitled to require the Issuer to purchase their Notes in certain circumstances involving a significant change in the composition of the Company's board of directors, including in connection with a proxy contest, where the Company's board of directors initially publicly opposes the election of a dissident slate of directors, but subsequently approves such directors for the purposes of the Indenture. This may result in a change in the composition of the board of directors that, but for such subsequent approval, would have otherwise constituted a Change of Control requiring a repurchase offer under the terms of the Indenture.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above. In addition, you should note that case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, the Company may nevertheless avoid triggering a change of control under a clause similar to clause (2) of the definition of "*Change of Control*," if the outgoing directors were to approve the new directors for the purpose of such change of control clause.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

## **Certain Covenants**

### ***Limitation on Indebtedness***

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Company and any of the Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries is less than 4.5 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

- (1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of CHF 300.0 million and 12.3% of Total Assets, plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;
- (2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary; or  
(b) without limiting the covenant described under "*—Limitation on Liens,*" Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;
- (3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided, however*, that:
  - (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary of the Company; and
  - (b) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary of the Company,shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;
- (4) Indebtedness represented by (a) the Senior Notes (other than any additional Senior Notes) and the Notes (other than any additional Notes), (b) any Indebtedness (other than Indebtedness described in clauses (1) and (3) of this paragraph) outstanding on the Issue Date after giving effect to the Transactions, including the loans of the proceeds of and the guarantees of and security granted with respect to the Senior Notes, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Management Advances;
- (5) Indebtedness of any Person (i) Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or another 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 Restricted Subsidiary or (ii) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary; *provided, however*, with respect to each of clause (5)(i) and (5)(ii), that at the time of such acquisition or other transaction (x) the Company would have been able to Incur CHF 1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such acquisition or other transaction;

- (6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Company);
- (7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of (A) CHF 50.0 million and (B) 2.0% of Total Assets;
- (8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion or performance or other similar guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business (including, without limitation, for asset rentals and/or purchases of goods or services) or in respect of any governmental requirement, including in relation to a governmental requirement to provide a guarantee or bond for any spectrum acquisition, or any other contingent or similar obligations or commitments incurred in the ordinary course of business (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, including in relation to a governmental requirement to provide a letter of credit, guarantee or similar obligation for any spectrum acquisition; *provided, however,* that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business; and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;
- (9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the 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;
- (10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however,* that such Indebtedness is extinguished within five Business Days of Incurrence;
- (b) Customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;
- (c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and
- (d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;
- (11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of CHF 125.0 million and 5.1% of Total Assets;
- (12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred



pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (11) of the third paragraph of the covenant described below under “—*Limitation on Restricted Payments*” to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (11) of the third paragraph of the covenant described below under “—*Limitation on Restricted Payments*” in reliance thereon;

- (13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;
- (14) Indebtedness under daylight borrowing facilities incurred in connection with the Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred; and
- (15) Indebtedness consisting of local lines of credit or working capital facilities not exceeding CHF 25.0 million outstanding at one time.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;
- (2) Guarantees of, or obligations in respect of letters of credit, bankers’ acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (3) if obligations in respect of letters of credit, bankers’ acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (12) of the second paragraph above or the first paragraph above and the letters of credit, bankers’ acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;
- (4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;
- (5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and
- (6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, including a change of IFRS to U.S. GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this “—*Limitation on Indebtedness*.” The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of “Indebtedness.”

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date.

For purposes of determining compliance with any CHF-denominated restriction on the Incurrence of Indebtedness, the CHF Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Company, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than CHF, and such refinancing would cause the applicable CHF-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such CHF-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced; (b) the CHF Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in CHF, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the CHF Equivalent of such amount plus the CHF Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

#### ***Limitation on Restricted Payments***

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

- (1) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:
  - (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding;
  - (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a pro rata basis, measured by value); and
  - (c) dividends or distributions payable to any Parent in respect of Indebtedness of such Parent which is guaranteed by the Company or any Restricted Subsidiary;
- (2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary of the Company (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));
- (3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*"); or
- (4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or
- (5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a “Restricted Payment”), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

- (a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);
- (b) the Company is not able to Incur an additional CHF 1.00 of Indebtedness pursuant to the first paragraph under the “—*Limitation on Indebtedness*” covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or
- (c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (6), (11), (12), (13) and (18) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):
  - (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);
  - (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions);
  - (iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange);
  - (iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries resulting from:
    - (A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary; or
    - (B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of “*Investment*”) not to exceed, in the case of any

Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided, however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (iv); and

- (v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Company or any of its Restricted Subsidiaries in connection with:
  - (A) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Company; and
  - (B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Company or a Restricted Subsidiary;

*provided, however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (v); *provided further, however*, that such amount shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c). Upon a Specified Change of Control Event, all amounts calculated pursuant to this clause (c) shall be reset to zero and all references to Issue Date in this clause (c) shall thereafter refer to the date of such Specified Change of Control Event.

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by the Board of Directors of the Company.

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

- (1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;
- (2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;
- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;
- (4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:
  - (a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Company shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing,

- repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;
- (b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a “change of control”), but only (i) if the Company shall have first complied with the terms described under “—*Change of Control*” and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or
  - (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
- (5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;
  - (6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (i) CHF 15.0 million multiplied by the number of calendar years that have commenced since the Issue Date plus (ii) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;
  - (7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under “—*Limitation on Indebtedness*” above;
  - (8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;
  - (9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):
    - (a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or
    - (b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses Incurred in connection with the Transactions or disclosed in this Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7), (11) and (12) of the second paragraph under “—*Limitation on Affiliate Transactions*”;
  - (10) any Restricted Payment pursuant to or in connection with the Transactions as described in the Offering Memorandum;
  - (11) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any



Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or loaned as Subordinated Shareholder Funding to the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; provided that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries shall be equal to or less than 4.00 to 1.00 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries shall be equal to or less than 4.25 to 1.00;

- (12) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed CHF 100.0 million or, if greater, 4.1% of Total Assets;
- (13) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors of the Company);
- (14) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (14);
- (15) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; *provided, however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate, the issuance of Designated Preference Shares) of the Company or loaned as Subordinated Shareholder Funding to the Company, from the issuance or sale of such Designated Preference Shares;
- (16) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries;
- (17) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing; and
- (18) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any dividend, distribution, loan or other payment to any Parent; *provided* that the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries on a *pro forma* basis after giving effect to any such dividend, distribution, loan or other payment does not exceed 3.75 to 1.0.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (18) above, or is permitted pursuant to the first paragraph of this covenant, the Company and its Restricted Subsidiaries will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant. The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith.

### ***Limitation on Liens***

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Company), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the “Initial Lien”), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Notes Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under “—Security—Release of Liens.”

### ***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer;
- (B) make any loans or advances to the Issuer; or
- (C) sell, lease or transfer any of its property or assets to the Issuer,

*provided* that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

- (1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date, including the indenture governing the Senior Notes;
- (2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;
- (3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an “Initial Agreement”) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company);

- (4) any encumbrance or restriction:
  - (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;
  - (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or
  - (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;
- (5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;
- (6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;
- (8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;
- (9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
- (10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;
- (11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—*Limitation on Indebtedness*” if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Revolving Credit Facility and the Intercreditor Agreement, together with the security documents associated therewith as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Company) or where the Company determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Company’s ability to make principal or interest payments on the Notes;
- (12) any encumbrance or restriction existing by reason of any lien permitted under “—*Limitation on Liens*”; or
- (13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Company, are necessary or advisable to effect such Qualified Receivables Financing.

#### ***Limitation on Sales of Assets and Subsidiary Stock***

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

- (1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

- (2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and
- (3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be:
- (a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary) (or any Refinancing Indebtedness in respect thereof) within 395 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Company shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Company makes (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or
  - (b) to the extent the Company or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 425 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 425th day,

*provided* that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute “Excess Proceeds” under the Indenture. On the 426th day after an Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds CHF 50 million, the Company will be required to make an offer (“Asset Disposition Offer”) to all Holders of Notes issued under the Indenture and, to the extent the Company elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, and in the case of the CHF Fixed Rate Notes, in minimum denominations of CHF 150,000 and in integral multiples of CHF 1,000 in excess thereof, or in the case of the Euro Fixed Rate Notes and of the Floating Rate Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may



use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in CHF, including the Euro Fixed Rate Notes and the Floating Rate Notes, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their CHF Equivalent determined as of a date selected by the Company that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

Any Net Available Cash payable in respect of the Notes pursuant to this covenant will be allocated between the CHF Fixed Rate Notes, the Euro Fixed Rate Notes and the Floating Rate Notes in proportion to the respective aggregate principal amounts of CHF Fixed Rate Notes, Euro Fixed Rate Notes and Floating Rate Notes validly tendered and not withdrawn, based upon the CHF Equivalent of such aggregate principal amount of Euro Fixed Rate Notes and Floating Rate Notes determined as of a date selected by the Company that is within the Asset Disposition Offer Period.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Company upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the “Asset Disposition Offer Period”). No later than five Business Days after the termination of the Asset Disposition Offer Period (the “Asset Disposition Purchase Date”), the Company will purchase the aggregate principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this covenant (the “Asset Disposition Offer Amount”) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and, in the case of the CHF Fixed Rate Notes, in minimum denominations of CHF 150,000 and in integral multiples of CHF 1,000 in excess thereof, or in the case of the Euro Fixed Rate Notes and the Floating Rate Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Company will deliver to the Trustee an Officer’s Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Company for purchase, and the Company will promptly issue a new Note (or amend the Global Note), and the Trustee or its authenticating agent, upon delivery of an Officer’s Certificate from the Company, will authenticate (or cause to be authenticated) and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of CHF 150,000 in the case of CHF Fixed Rate Notes and €100,000 in the case of Euro Fixed Rate Notes and Floating Rate Notes. Any Note not so accepted will be promptly mailed or delivered (or transferred by book-entry) by the Company to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

- (1) the assumption by the transferee of Indebtedness of the Company or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Company or a Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;



- (2) securities, notes or other obligations received by the Company or any Restricted Subsidiary of the Company from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;
- (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;
- (4) consideration consisting of Indebtedness of the Company (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and
- (5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of CHF 75.0 million and 3.1% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

#### ***Limitation on Affiliate Transactions***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an “Affiliate Transaction”) involving aggregate value in excess of CHF 10 million unless:

- (1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm’s length dealings with a Person who is not such an Affiliate; and
- (2) in the event such Affiliate Transaction involves an aggregate value in excess of CHF 40 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm’s length basis.

The provisions of the preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under “—*Limitation on Restricted Payments*,” any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under “—*Limitation on Restricted Payments*”) or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2) and (11) of the definition thereof);
- (2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock

appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

- (3) any Management Advances and any waiver or transaction with respect thereto;
- (4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;
- (5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary of the Company or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);
- (6) the Transactions and the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;
- (7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;
- (8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (9) any transaction in the ordinary course of business between or among the 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;
- (10)(a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;
- (11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual customary management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed CHF 4 million per year and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Board of Directors of the Company in good faith;
- (12) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries; and
- (13) any transaction effected as part of a Qualified Receivables Financing.

## Reports

For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

- (1) within 120 days after the end of the Company's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable, the following information:
  - (a) audited consolidated balance sheets of the Company or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company or its predecessor for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements;
  - (b) unaudited *pro forma* income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies, with a scope that is similar in material respects to the discussion of the same items included in this Offering Memorandum; (d) description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;
- (2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Company beginning with the quarter ending March 31, 2015, all quarterly reports of the Company containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Company, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments; and
- (3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Company or change in auditors of the Company or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and *pro forma* financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, (x) in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods and (y) to the extent comparable prior period financial information of the Company does not exist, the comparable prior period financial information of Matterhorn Group may be provided in lieu thereof. Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Company. The filing of an annual report on Form 20-F within the time period specified in (1) will satisfy such provision.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenues, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant at the offices of the Paying Agent in London or, to the extent and in the manner permitted by such rules, post such reports on the official website of the Luxembourg Stock Exchange.

In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### ***Merger and Consolidation***

#### ***The Issuer***

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the “Successor Issuer”) will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement);
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and
- (3) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, reasonably satisfactory to the Trustee), provided that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact, including as to satisfaction of clauses (1) and (2) above.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under such Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described below under “—*The Company*” and “—*Subsidiary Guarantors*” (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary of the Company may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer, (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary and (c) the Company and its Restricted Subsidiaries may undertake the Transactions. Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.



There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Issuer that becomes a parent of one or more of the Issuer’s Subsidiaries.

The Issuer shall remain a Wholly-Owned Subsidiary of the Company.

#### *The Company*

The Company will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the “Successor Company”) will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Company) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company under the Parent Guarantee and (b) all obligations of the Company under the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement);
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional CHF 1.00 of Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such transaction; and
- (4) the Company shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, reasonably satisfactory to the Trustee), provided that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under “—*Limitation on Indebtedness*.”

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described above under “—*The Issuer*” and below under “—*Subsidiary Guarantors*” (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the paragraph described under “—*The Company*” in this covenant, (a) any Restricted Subsidiary of the Company may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company, (b) any Restricted Subsidiary



may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary and (c) the Company and its Restricted Subsidiaries may undertake the Transactions. Notwithstanding the preceding clauses (2), (3) and (4) (which do not apply to the transactions referred to in this sentence), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary as a Restricted Subsidiary of the Company.

#### *Subsidiary Guarantors*

No Subsidiary Guarantor may:

- (1) consolidate with or merge with or into any Person;
- (2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or
- (3) permit any Person to merge with or into such Guarantor, unless
  - (A) the other Person is the Company or any Restricted Subsidiary that is Guarantor or becomes a Guarantor concurrently with the transaction); or
  - (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement); and
  - (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or
  - (C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Company or a Restricted Subsidiary)) otherwise permitted by the Indenture.

Notwithstanding the preceding clause (3)(B)(2) and the provisions described above under “—*The Issuer*” and “—*The Company*” (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Subsidiary Guarantor, (b) any Subsidiary Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Subsidiary Guarantor and (c) the Subsidiary Guarantors may undertake the Transactions. Notwithstanding the preceding clause (3)(B)(2) (which does not apply to the transactions referred to in this sentence), a Subsidiary Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Subsidiary Guarantor reincorporating the Subsidiary Guarantor in another jurisdiction, or changing the legal form of the Subsidiary Guarantor.

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

#### *Suspension of Covenants on Achievement of Investment Grade Status*

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: “—*Limitation on Restricted Payments*,” “—*Limitation on Indebtedness*,” “—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*,” “—*Limitation on Affiliate Transactions*,” “—*Limitation on Sales of Assets and Subsidiary Stock*,” “—*Additional Guarantees*,” “—*Lines of Business*” and the provisions of clause (3) of the first paragraph of the covenant described under “—*Merger and*

*Consolidation—The Company,”* and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and the “*—Limitation on Restricted Payments*” covenant will be interpreted as if it has been in effect since the date of the Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company’s option, as having been Incurred pursuant to the first paragraph of the covenant described under “*—Limitation on Indebtedness*” or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under “*—Limitation on Indebtedness*,” such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under “*—Limitation on Indebtedness*.”

### ***Additional Guarantees***

The Company will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to Guarantee any Indebtedness under the Revolving Credit Facility (or other Indebtedness that is Incurred under clause (1) of the second paragraph of the covenant described under “*—Limitation on Indebtedness*”) or Public Debt and any refinancing thereof in whole or in part unless such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee, which Notes Guarantee will be senior to or *pari passu* with such Restricted Subsidiary’s Guarantee of such other Indebtedness.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee.

Concurrently with the provision of any additional Notes Guarantees as described above, subject to the Intercreditor Agreement and any Additional Intercreditor Agreement (if such security is being granted in respect of the other Indebtedness), and subject to the Agreed Security Principles, any such Guarantor will provide security over certain of its material assets (excluding any assets of such Guarantor which are subject to a Permitted Lien at the time of the execution of such supplemental indenture if providing such security interest would not be permitted by the terms of such Permitted Lien or by the terms of any obligations secured by such Permitted Lien) to secure its Notes Guarantee on a first priority basis consistent with the Collateral.

Each additional Notes 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, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent and for so long as the Incurrence of such Notes Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to 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 (1) of this paragraph undertaken in connection with, such Notes Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Company or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement.

### ***Impairment of Security Interest***

The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being

understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any Lien over any of the Collateral that is prohibited by the covenant entitled “—*Limitation on Liens*”; *provided*, that the Company and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the Intercreditor Agreement or the applicable Security Documents.

Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any Liens in accordance with the Indenture and the Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; or (iv) make any other change thereto that does not adversely affect the Holders in any material respect; *provided, however*, that, except where permitted by the Indenture or the Intercreditor Agreement, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified 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, renewal, restatement, supplement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Security Agent and the Trustee, either (1) a solvency opinion, reasonably satisfactory to the Security Agent and the Trustee, from an independent financial advisor or appraiser or investment bank of international standing which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting Liens after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an opinion of counsel (subject to any qualifications customary for this type of opinion of counsel), reasonably satisfactory to the Security Agent and the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject.

In the event that the Company and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

### ***Lines of Business***

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries, taken as a whole.

### **Events of Default**

Each of the following is an Event of Default under the Indenture:

- (1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;
- (2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;
- (3) failure by the Company or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture;

- (4) 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) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:
  - (a) is caused by a failure to pay principal at Stated Maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness (“*payment default provision*”); or
  - (b) results in the acceleration of such Indebtedness prior to its maturity (the “*cross acceleration provision*”);

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates CHF 20 million or more;
- (5) certain events of bankruptcy, insolvency or court protection of the Company, the Issuer or a Significant Subsidiary or group of 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 (the “*bankruptcy provisions*”);
- (6) failure by the Company, the Issuer or any Significant Subsidiary or group of 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 to pay final judgments aggregating in excess of CHF 20 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the “*judgment default provision*”);
- (7) any security interest under the Security Documents on any material Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Company or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the “*security default provision*”); and
- (8) any Notes Guarantee of the Company or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 10 days (the “*guarantee provision*”).

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% in aggregate principal amount of the outstanding Notes notify the Company of the default and, with respect to clauses (3), (4) and (6), the Company does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Company or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under “*Events of Default*” has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.



If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee, and the Trustee has received, indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;
- (3) such Holders have offered to the Trustee, and the Trustee has received, security and/or indemnity (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity; and
- (5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of pre-funding) satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity and/or security (including by way of pre-funding) satisfactory to it, and it will be for Holders to take action directly.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and subject to the Intercreditor Agreement and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.



## Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes); *provided* that, if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required.

However, without the consent of Holders holding not less than 90% (or, in the case of clause (8), 75%) of the then outstanding aggregate principal amount of Notes affected, or if any amendment, waiver or other modification will only amend, waive or modify one series of the Notes, without the consent of Holders holding not less than 90% (or, in the case of clause (8), 75%) of the then outstanding aggregate principal amount of Notes of such series amended, waived or modified, an amendment or waiver may not, with respect to any such series of the Notes held by a non-consenting Holder:

- (1) reduce the principal amount of such Notes whose Holders must consent to an amendment;
- (2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;
- (3) reduce the principal of or extend the Stated Maturity of any such Note;
- (4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under “—*Optional Redemption*”;
- (5) make any such Note payable in money other than that stated in such Note;
- (6) impair the right of any Holder to receive payment of principal of and interest on such Holder’s Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder’s Notes;
- (7) make any change in the provision of the Indenture described under “—*Withholding Taxes*” that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;
- (8) release (i) the security interest granted for the benefit of the Holders in the Collateral or (ii) any Notes Guarantee, in each case, other than pursuant to the terms of the Security Document or the Indenture, as applicable, except as permitted by the Intercreditor Agreement;
- (9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or
- (10) make any change in the amendment or waiver provisions which require the Holders’ consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Company, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

- (1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision of any Note Document to this “*Description of the Senior Secured Notes*,” or reduce the minimum denomination of the Notes;
- (2) provide for the assumption by a successor Person of the obligations of the Company, the Issuer or any Guarantor under any Note Document;
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);
- (4) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

- (5) make any change that does not adversely affect the rights of any Holder in any material respect;
- (6) at the Company's election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act, if such qualification is required;
- (7) make such provisions as necessary (as determined in good faith by the Company) for the issuance of Additional Notes;
- (8) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the Covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Additional Guarantees*," to add Notes Guarantees, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Intercreditor Agreement or the Security Documents;
- (9) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document; or
- (10) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of parties to the Revolving Credit Facility, in any property which is required by the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with.

In formulating its decisions on such matters, the Trustee shall be entitled to rely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel.

For the purpose of calculating the aggregate principal amount of the Notes that have consented to or voted in favor of any amendment, supplement or waiver, the CHF Equivalent of the aggregate principal amount of any Euro Fixed Rate Notes and Floating Rate Notes shall be as of the Issue Date.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

### **Acts by Holders**

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Company or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Company will be disregarded and deemed not to be outstanding.

### **Defeasance**

The Issuer at any time may terminate all its and each Guarantor's obligations under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantor's obligations under the covenants described under "*—Certain Covenants*" (other than with respect to clauses (1) and (2) of each of the covenants described under "*—Certain Covenants—Merger and Consolidation—The Issuer*," "*—Certain Covenants—Merger and Consolidation—The Company*" and "*—Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross acceleration provision, the payment default provision, the

bankruptcy provisions with respect to the Company, the Issuer and its Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under “—*Events of Default*” above (“*covenant defeasance*”).

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of each of the covenants described under “—*Certain Covenants—Merger and Consolidation—The Issuer*,” “—*Certain Covenants—Merger and Consolidation—The Company*” and “—*Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*”), (4), (5) (with respect only to the Company, the Issuer and Significant Subsidiaries), (6), (7) or (8) under “—*Events of Default*” above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the “defeasance trust”) with the Trustee (or such entity designated by the Trustee for this purpose) in CHF or CHF-denominated Swiss Government Obligations (in the case of the CHF Fixed Rate Notes) or cash in euros or euro-denominated European Government Obligations or a combination thereof (in the case of the Euro Fixed Rate Notes and the Floating Rate Notes) or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

- (1) an Opinion of Counsel in the United States to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);
- (2) an Officer’s Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;
- (3) an Officer’s Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;
- (4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and
- (5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

## **Satisfaction and Discharge**

The Indenture, and the rights of the Trustee and the Holders under the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Company) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such entity designated by the Trustee for this purpose), CHF or CHF-denominated Swiss Government Obligations or a combination thereof (in the case of the CHF Fixed Rate Notes) or euros or euro-denominated European Government Obligations or a combination thereof (in the case of the Euro Fixed Rate Notes and the Floating Rate Notes), as applicable in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as

the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

### **No Personal Liability of Directors, Officers, Employees and Shareholders**

No director, officer, employee, incorporator or shareholder of the Company or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Company under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

### **Concerning the Trustee and Certain Agents**

Deutsche Trustee Company Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Company and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Company and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

### **Notices**

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, notices with respect to the Notes will be published in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered to Euroclear and Clearstream, each of which will give such notices to the holders of Book-Entry Interests. Such notices may also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed.

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

### **Prescription**

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed five years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed three years after the applicable due date for payment of interest.

### **Currency Indemnity and Calculation of CHF-Denominated Restrictions**

In the case of the CHF Fixed Rate Notes, CHF, and in the case of the Euro Fixed Rate Notes and the Floating Rate Notes, the euro, is respectively the sole currency of account and payment for all sums payable by the Company and the Guarantors under or in connection with the CHF Fixed Rate Notes, the Euro Fixed Rate Notes and the Floating Rate Notes and the relevant Notes Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than CHF (in the case of the CHF Fixed Rate Notes) or euro (in the case of the Euro Fixed Rate Notes and the Floating Rate Notes), whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the CHF amount or the euro amount, as the case may be, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that CHF amount is less than the CHF amount expressed to be due to the recipient or the Trustee under any CHF Fixed Rate Note, or if that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Euro Fixed Rate Note or any Floating Rate Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Notes Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any CHF-denominated restriction herein, the CHF Equivalent amount for purposes hereof that is denominated in a non-CHF currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-CHF amount is Incurred or made, as the case may be.

### **Enforceability of Judgments**

Since substantially all the assets of the Company are held by Subsidiaries located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Notes Guarantees, may not be collectable within the United States. In addition, judgments obtained in the United States may not be enforceable in Switzerland and other countries.

### **Consent to Jurisdiction and Service**

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Notes Guarantees, the Issuer and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.



## Governing Law

The Indenture and the Notes, including any Notes Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York.

## Certain Definitions

“*Acquired Indebtedness*” means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

“*Additional Assets*” means:

- (1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);
- (2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary of the Company; or
- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Company.

“*Affiliate*” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Agreed Security Principles*” means the Agreed Security Principles as set out in an annex to the Revolving Credit Facility as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Company.

“*Apax Acquisition Agreement*” means the share purchase agreement, dated as of December 23, 2011, by and among Matterhorn Mobile S.A., Atlas Services Belgium and France Telecom SA (now Orange SA), as amended from time to time.

“*Applicable Premium*” means, with respect to any Note, the greater of:

- (A) 1% of the principal amount of such Note; and
- (B) on any redemption date, the excess (to the extent positive) of:
  - (a) the present value at such redemption date of (i) the redemption price of such Note at May 1, 2018 (such redemption price (expressed in percentage of principal amount) being set forth in the table under “—*Optional Redemption*” (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Swiss Government Bond Rate at such redemption date plus 50 basis points, in the case of the CHF Fixed Rate Notes, and the Bund Rate at such redemption date plus 50 basis points, in the case of the Euro Fixed Rate Notes; over
  - (b) the outstanding principal amount of such Note,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate.

“*Asset Disposition*” means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part

of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;
- (2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (3) a disposition of inventory, consumer equipment, trading stock, communications capacity or other assets in the ordinary course of business;
- (4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;
- (5) transactions permitted under "*Certain Covenants—Merger and Consolidation—The Company*" or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company;
- (7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than CHF 40.0 million or, if greater, 1.6% of Total Assets;
- (8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*," asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;
- (9) dispositions in connection with Permitted Liens;
- (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;
- (12) foreclosure, condemnation or any similar action with respect to any property or other assets;
- (13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
- (14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the 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 surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person; *provided, however*, that the Board of Directors of the Company shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Company and its Restricted Subsidiaries (considered as a whole); *provided, further*, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (17), does not exceed CHF 50.0 million or, if greater, 2.0% of Total Assets;

(18) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and

(19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business.

“Associate” means (i) any Person engaged in a Similar Business of which the 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.

“Board of Directors” means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. For the purposes of the definition of Change of Control only, Board of Directors of the Company shall mean the Company’s supervisory board or its managing board. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

“Bund Rate” means, with respect to any redemption date, the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the redemption date to May 1, 2018, in the case of the Euro Fixed Rate Notes and May 1, 2016, in the case of the Floating Rate Notes; *provided, however*, that if the period from the redemption date to May 1, 2018, in the case of the Euro Fixed Rate Notes and May 1, 2016, in the case of the Floating Rate Notes, is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to May 1, 2018, in the case of the Euro Fixed Rate Notes and May 1, 2016, in the case of the Floating Rate Notes, is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

“Business Day” means each day that is not a Saturday, Sunday or other day on which banking institutions in Zurich, Switzerland, Luxembourg, London, United Kingdom, or New York, United States are authorized or required by law to close; *provided, however*, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (“TARGET”) payment system is open for the settlement of payments.

“Capital Stock” of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“Capitalized Lease Obligations” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“Cash Equivalents” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

- (2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €500 million;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;
- (4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;
- (5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;
- (6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;
- (7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above;
- (9) for purposes of clause (2) of the definition of "Asset Disposition," the marketable securities portfolio owned by the Company and its Subsidiaries on the Issue Date; and
- (10) other instruments customarily utilized for high quality investments that can be readily monetized without material risk of loss in the good faith judgment of a responsible financial or accounting officer of the Company or any of its Restricted Subsidiaries.

*"Change of Control"* means:

- (1) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, provided that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;
- (2) following the Initial Public Offering of the Company or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent (together with any new directors whose election by the majority of such directors on the Board of Directors of the Company or any Parent or whose nomination for election by shareholders of

the Company or any Parent, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of the Company or any Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent, then in office; or

- (3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders;

*provided that*, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

“*CHF Equivalent*” means, with respect to any monetary amount in a currency other than CHF, at any time of determination thereof by the Company or the Trustee, the amount of CHF obtained by converting such currency other than CHF involved in such computation into CHF at the spot rate for the purchase of CHF with the applicable currency other than CHF as published in The Financial Times in the “Currency Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Company) on the date of such determination.

“*Clearstream*” means Clearstream Banking, a *société anonyme* as currently in effect or any successor securities clearing agency.

“*Code*” means the United States Internal Revenue Code of 1986, as amended.

“*Commodity Hedging Agreements*” means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

“*Consolidated EBITDA*” for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense and Receivables Fees;
- (2) Consolidated Income Taxes;
- (3) consolidated depreciation expense;
- (4) consolidated amortization or impairment expense;
- (5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided that* such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful) in each case, as determined in good faith by an Officer of the Company;
- (6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period;
- (7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” and any brand or management fees or charges paid or to be paid to France Telecom and/or its Affiliates; and
- (8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Company as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.



“*Consolidated Income Taxes*” means taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

“*Consolidated Interest Expense*” means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Company and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

- (1) interest expense attributable to Capitalized Lease Obligations;
- (2) amortization of debt discount, debt issuance cost and premium;
- (3) non-cash interest expense;
- (4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;
- (5) costs associated with Hedging Obligations;
- (6) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company;
- (7) the consolidated interest expense that was capitalized during such period; and
- (8) interest actually paid by the Company or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

“*Consolidated Net Income*” means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company’s equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer of the Company (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);
- (2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*,” any net income (loss) of any Restricted Subsidiary (other than Guarantors) 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 a Guarantor by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, and (c) restrictions specified in clause (11)(i) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*,” 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, to the limitation contained in this clause);
- (3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the 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 an Officer or the Board of Directors of the Company);

- (4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, expense or charge (including for the avoidance of doubt, (i) in respect of any rebranding of the business (or any part thereof), acquisition costs, disposition costs, business optimization costs, information technology implementation or development costs; (ii) any separation of the business from the seller and/or its Affiliates (including any working capital impact); (iii) any spectrum related or similar fees; and/or (iv) any tax referable to any payments, dividends or other distributions made or declared intra-group) or any charges or reserves in respect of any restructuring, relocation, refinancing, redundancy or severance expense or other similar post-employment arrangements, signing, retention or completion bonuses, or other costs related to the Transactions, in each case, as determined in good faith by the Company;
- (5) the cumulative effect of a change in accounting principles;
- (6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;
- (7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;
- (8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;
- (9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;
- (10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;
- (11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);
- (12) any goodwill or other intangible asset impairment charge, amortization or write-off;
- (13) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and
- (14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

“*Consolidated Net Leverage*” means the sum, without duplication of, (i) the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”) on a consolidated basis less (ii) cash and Cash Equivalents of the Company and its Restricted Subsidiaries on a consolidated basis.

“*Consolidated Net Leverage Ratio*” means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available; *provided, however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

- (1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a “Sale”) or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount

equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes “discontinued operations” in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

- (2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a “Purchase”), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period;
- (3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period; and
- (4) since the beginning of such period, a transfer of shares of, or other transaction has occurred or is contractually committed with respect to, the Company or any Restricted Subsidiary, that constitutes an event that is contemplated by the definition of “*Specified Change of Control Event*” (any such transaction, a “Specified Change of Control Transaction”), and solely for the purposes of making the determination pursuant to the definition of “*Specified Change of Control Event*,” Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto (including any cost savings and synergies that can reasonably expected to be obtained from cooperation and other arrangements associated with the Specified Change of Control Transaction) as if such Specified Change of Control Transaction (including such cost savings and synergies associated with the Specified Change of Control Transaction) had occurred on the first day of such period; *provided* that any determination made pursuant to the definition of “*Consolidated Net Leverage Ratio*” shall also give effect to any payments required under the relevant acquisition or similar business combination agreement with respect to such Specified Change of Control Transaction.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations will be as determined in good faith by a responsible financial or accounting officer of the Company (including without limitation in respect of anticipated expense and cost reductions) including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise (regardless of whether these cost savings and cost reduction synergies could then be reflected in *pro forma* financial statements to the extent prepared), and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

“*Consolidated Secured Net Leverage Ratio*” means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Secured Indebtedness.

“*Contingent Obligations*” means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
  - (a) for the purchase or payment of any such primary obligation; or

- (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“*Credit Facility*” means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“*Currency Agreement*” means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

“*Deemed Interest Payments*” means, with respect to any Floating Rate Note, the amount of interest payments, as determined by the Issuer (in consultation with the Paying Agent) as of the relevant date, using an interest rate equal to 3.75% plus the three-month forward EURIBOR for euros as reported by Bloomberg.

“*Default*” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“*Designated Non-Cash Consideration*” means the fair market value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“*Designated Preference Shares*” means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as “Designated Preference Shares” pursuant to an Officer’s Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Restricted Payments.*”

“*Disinterested Director*” means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Company shall be deemed not to have such a financial interest by reason of such member’s holding Capital Stock of the Company or any Parent or any options, warrants or other rights in respect of such Capital Stock.



“*Disqualified Stock*” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or
- (3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under “—*Certain Covenants—Limitation on Restricted Payments.*”

“*Equity Offering*” means (x) 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 Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the 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.

“*euro*” means the official currency of the European Union and, to the extent such currency ceases to exist, an equivalent amount of Swiss francs as mandated by the Swiss Central Bank with respect to the Notes.

“*Euroclear*” means Euroclear Bank SA/NV, or any successor securities clearing agency.

“*European Government Obligations*” means any security that is (1) a direct obligation of Belgium, the Netherlands, France, Germany or any Permissible Jurisdiction, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“*European Union*” means all members of the European Union as of January 1, 2004.

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“*Excluded Contribution*” means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Company.

“*fair market value*” may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.



“*Floating Rate Applicable Premium*” means the greater of (A) 1% of the principal amount of such Floating Rate Note and (B):

with respect to any Floating Rate Note on any redemption date, the excess (to the extent positive) of:

- (1) the present value at such redemption date of (i) 101.000% of the principal amount of the Floating Rate Note, plus (ii) the Deemed Interest Payments due on the Floating Rate Note from the commencement of the current Interest Period to and including May 1, 2016 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over
- (2) the outstanding principal amount of such Floating Rate Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

“*Governmental Authority*” means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

“*Guarantee*” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

*provided, however*, that the term “Guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“*Guarantor*” means any Restricted Subsidiary that Guarantees the Notes.

“*Hedging Obligations*” of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a “Hedging Agreement”).

“*Holder*” means each Person in whose name the Notes are registered on the Registrar’s books, which shall initially be the respective nominee of Clearstream and Euroclear.

“*IFRS*” means International Financial Reporting Standards (formerly International Accounting Standards) (“IFRS”) endorsed from time to time by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date the Company may make an irrevocable election to establish that “IFRS” shall mean IFRS as in effect on a date that is on or prior to the date of such election.

“*Incur*” means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms “Incurred,” “Incurring” and “Incurrence” have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be “Incurred” at the time any funds are borrowed thereunder.

“*Indebtedness*” means, with respect to any Person on any date of determination (without duplication):

- (1) the principal of indebtedness of such Person for borrowed money;
- (2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement

obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

- (4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;
- (5) Capitalized Lease Obligations of such Person;
- (6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);
- (7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (b) the amount of such Indebtedness of such other Persons;
- (8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and
- (9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term “Indebtedness” shall not include Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, any asset retirement obligations, any prepayments of deposits received from clients or customers in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business. For the avoidance of doubt and notwithstanding the above, the term “Indebtedness” excludes any accrued expenses, trade payables and amounts payable in respect of Operating IRUs.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

- (i) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;
- (ii) in connection with the purchase by the 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 30 days thereafter; or
- (iii) for the avoidance of doubt, any obligations in respect of workers’ compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

“*Independent Financial Advisor*” means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Company.

“*Initial Public Offering*” means an Equity Offering of common stock or other common equity interests of the Company or any Parent or any successor of the Company or any Parent (the “IPO Entity”) following which

there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“*Intercreditor Agreement*” means the Intercreditor Agreement dated January 30, 2012, among, *inter alios*, the lenders and agent under the Revolving Credit Facility as well as certain hedging counterparties, as amended on February 3, 2012, February 21, 2012, September 11, 2012, February 23, 2015, and as amended and restated on the Issue Date, and as further amended from time to time, and to which the Trustee will accede on the Issue Date.

“*Interest Rate Agreement*” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

“*Investment*” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of “*Certain Covenants—Limitation on Restricted Payments*”:

- (1) “Investment” will include the portion (proportionate to the Company’s equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Company at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company’s “Investment” in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company’s equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Company in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

“*Investment Grade Securities*” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);
- (2) securities issued or directly and fully Guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or any agency or instrumentality thereof (other than Cash Equivalents);
- (3) debt securities or debt instruments with a rating of “A-” or higher from S&P or “A3” or higher by Moody’s or the equivalent of such rating by such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

“*Investment Grade Status*” shall occur when the Notes receive both of the following:

- (1) a rating of “BBB-” or higher from S&P; and
- (2) a rating of “Baa3” or higher from Moody’s;

or the equivalent of such rating by either such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

“*IPO Market Capitalization*” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

“*Issue Date*” means April 23, 2015.

“*Lien*” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“*Management Advances*” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary:

- (1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person’s purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Company, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Company;
- (2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or
- (3) not exceeding CHF 10 million in the aggregate outstanding at any time.

“*Management Investors*” means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

“*Market Capitalization*” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

“*Matterhorn Group*” means Matterhorn Mobile Holdings S.A. together with its subsidiaries.

“*Moody’s*” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“*Nationally Recognized Statistical Rating Organization*” means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

“*Net Available Cash*” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

“*Net Cash Proceeds*,” with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

“*NJJ Acquisition*” means the acquisition of Matterhorn Financing & Cy S.C.A. pursuant to the NJJ Acquisition Agreement.

“*NJJ Acquisition Agreement*” means the share purchase agreement, dated as of December 18, 2014, by and among Matterhorn Topco & Cy S.C.A., Matterhorn S.à r.l. and NJJ Capital SAS.

“*Note Documents*” means the Notes (including Additional Notes), the Indenture and the Security Documents.

“*Offering Memorandum*” means this offering memorandum in relation to the Notes.

“*Officer*” means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an “Officer” for the purposes of the Indenture by the Board of Directors of such Person.

“*Officer’s Certificate*” means, with respect to any Person, a certificate signed by one Officer of such Person.

“*Operating IRU*” means an indefeasible right of use of, or operating lease or payable for lit or unlit fiber optic cable or telecommunications conduit or the use of either thereof for a period constituting all or substantially all of the expected useful life thereof.

“*Opinion of Counsel*” means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

“*Orange*” means Orange Communications SA.

“*Orange Group*” means Orange together with its subsidiaries.

“*Parent*” means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

“*Parent Expenses*” means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;
- (2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;
- (3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;



- (4) fees and expenses payable by any Parent in connection with the Transactions;
- (5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent;
- (6) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Company, in an amount not to exceed CHF 5.0 million in any fiscal year; and
- (7) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:
  - (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;
  - (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or
  - (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

“*Pari Passu Indebtedness*” means Indebtedness of the Company or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment to the Notes or the Notes Guarantees, as the case may be, and, in each case, is secured by a Lien on assets of the Company.

“*Paying Agent*” means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Note on behalf of the Company.

“*Permissible Jurisdiction*” means any member state of the European Union.

“*Permitted Asset Swap*” means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“*Permitted Business*” means the business, operations or activities that are similar in nature to the business, operations or activities that of the Company or any of its Restricted Subsidiaries are engaged in as of the date of the Indenture (without any regard to subsequent amendments of the Indenture) or any other businesses, operations or activities in the broader telecommunications industry; *provided* that such person has engaged in substantial businesses, operations or activities in the telecommunications industry for at least twelve months prior to the date of the Specified Change of Control Event.

“*Permitted Collateral Liens*” means (w) Liens on the Collateral (i) arising by operation of law that are described in one or more of clauses (3), (4) and (9) 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 Liens in the Collateral or (ii) that are Liens in secured accounts equally and ratably granted to cash management banks securing cash management obligations, (x) Liens on the Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be Incurred under clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a), on a basis junior to the Notes in the case of the Senior Notes and (4) (c) (in each case, if the original Indebtedness was so secured), (5)(i) (covering only the shares and assets of the acquired Person the Indebtedness of which is so secured), (5)(ii) (but only if after giving effect to such Incurrence on that date, the Consolidated Secured Net Leverage Ratio is either (a) less than 3.75 to 1.0 or (b) not greater than prior to such Incurrence), (6), (11) or (12) (in the case of (12), *provided* that the amount of Secured Indebtedness shall not exceed 80% of the aggregate Indebtedness Incurred under such clause) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and any Refinancing Indebtedness in respect of such Indebtedness; *provided, however*, that (a) such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) notwithstanding the terms of any Intercreditor Agreement or Additional Intercreditor Agreement, no Indebtedness shall be given super priority

status, except that in the context of a full refinancing of the Revolving Credit Facility, super priority status may be incurred with respect to a super priority credit facility (limited to an aggregate amount of commitments not to exceed the greater of CHF 160 million and 0.4 multiplied by Consolidated EBITDA (measured at the time of commitment of such facility)) and to Hedging Obligations, (y) Liens on the Collateral securing Indebtedness incurred under the first paragraph of “—*Certain Covenants—Limitation on Indebtedness*”; *provided* that, in the case of this clause (y), after giving effect to such incurrence on that date, the Consolidated Secured Net Leverage Ratio is less than 3.75 to 1.0 and (z) Liens on the Collateral that secure Indebtedness on a basis junior to the Notes; *provided* that, in the case of this clause (z), the holders of such Indebtedness (or their representative) accede to the Intercreditor Agreement or an Additional Intercreditor Agreement.

“*Permitted Holders*” means, collectively, (1) the Principal; (2) any Related Person of the Principal; and (3) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of the Company or any parent company of the Company. 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 Investment*” means (in each case, by the Company or any of its Restricted Subsidiaries):

- (1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;
- (2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;
- (3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;
- (5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (6) Management Advances;
- (7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;
- (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition (but excluding a Permitted Asset Swap), in each case, that was made in compliance with “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”;
- (9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date;
- (10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with “—*Certain Covenants—Limitation on Indebtedness*”;
- (11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of CHF 100.0 million and 4.1% of Total Assets; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*,” such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of “Permitted Investments” and not this clause;
- (12) Investments in joint ventures and similar entities and Unrestricted Subsidiaries having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause that are at

the time outstanding, not to exceed the greater of CHF 120.0 million and 4.9% of Total Assets at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

- (13) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—*Certain Covenants—Limitation on Liens*”;
- (14) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent as consideration;
- (15) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);
- (16) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;
- (17) guarantees, keepwells and similar arrangements not prohibited by the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”; and
- (18) Investments in the Notes.

“*Permitted Liens*” means, with respect to any Person:

- (1) Liens on assets or property of a Restricted Subsidiary that is not the Issuer or a Guarantor securing Indebtedness of any Restricted Subsidiary that is not the Issuer or a Guarantor;
- (2) pledges, deposits or Liens under workmen’s compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including carriers’, warehousemen’s, mechanics’, landlords’, materialmen’s and repairmen’s or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;
- (5) Liens in favor of the Company of surety, performance or other bonds, guarantees or letters of credit or bankers’ acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business;
- (6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;
- (7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;
- (8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;
- (11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on the Issue Date, excluding Liens securing the Revolving Credit Facility and the Notes and, with respect to the assets of or capital stock of the Orange Group, Liens existing on the Issue Date;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided, further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;
- (15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;
- (16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;
- (17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;
- (18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;
- (19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
- (21) Liens on cash accounts securing Indebtedness incurred under clause (11) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” with local financial institutions;

- (22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;
- (23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;
- (24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (25) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed the greater of CHF 60.0 million and 2.5% of Total Assets at any one time outstanding;
- (26) Permitted Collateral Liens;
- (27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;
- (28) any security granted over the marketable securities portfolio described in clause (9) of the definition of “Cash Equivalents” in connection with the disposal thereof to a third party;
- (29) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing; and
- (30) Liens on Indebtedness permitted to be Incurred pursuant to clause (15) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness.*”

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“*Preferred Stock*,” as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“*Principal*” means Xavier Niel.

“*Public Debt*” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

“*Public Market*” means any time after:

- (1) an Equity Offering has been consummated; and
- (2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of CHF 100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

“*Public Offering*” means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

“*Purchase Money Obligations*” means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

“*Qualified Receivables Financing*” means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors of the Company shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Receivables Subsidiary,



(2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Company), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

*“Receivables Assets”* means any assets that are or will be the subject of a Qualified Receivables Financing.

*“Receivables Fees”* means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

*“Receivables Financing”* means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

*“Receivables Repurchase Obligation”* means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

*“Receivables Subsidiary”* means a Wholly Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Restricted Subsidiary of the Company (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any other Restricted Subsidiary of the Company, (iii) is recourse to or obligates the Company or any other Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Company or any other Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (2) with which neither the Company nor any other Restricted Subsidiary of the Company has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and
- (3) to which neither the Company nor any other Restricted Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

“*Refinance*” means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms “refinances,” “refinanced” and “refinancing” as used for any purpose in the Indenture shall have a correlative meaning.

“*Refinancing Indebtedness*” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and
- (3) if the Indebtedness being refinanced is expressly subordinated to the Notes or the Notes Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Notes Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

*provided, however*, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

“*Related Person*” with respect to any Permitted Holder means:

- (1) any controlling equityholder or Subsidiary of such Person; or
- (2) in the case of an individual, any spouse, civil union or similar partner, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, civil union or similar partner, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or
- (4) in the case of the Principal any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

“*Related Taxes*” means

- (1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:
  - (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company’s Subsidiaries);
  - (b) issuing or holding Subordinated Shareholder Funding;
  - (c) being a holding company parent, directly or indirectly, of the Company or any of the Company’s Subsidiaries;

- (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or
  - (e) having made any payment in respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*"; or
- (2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*Revolving Credit Facility*" means the super senior revolving credit facility agreement dated February 23, 2015, among Matterhorn Mobile Holdings S.A., certain of the Issuer's Subsidiaries, as borrowers and guarantors, the senior lenders (as named therein), and Société Générale, as facility agent and security agent, as further amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien on a basis *pari passu* with or senior to the security in favor of the Notes.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the Intercreditor Agreement and each collateral pledge agreement, security assignment agreement or other document under which collateral is pledged to secure the Notes.

"*Senior Management*" means the officers, directors, and other members of senior management of the Company or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent and with an equity investment in excess of CHF 250,000.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

- (1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;
- (2) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or
- (3) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date, (b) the telecommunications business, including the distribution, sale and for provision of mobile voice and data, fixed-line voice and internet services, transit voice traffic services, and other services in relation thereto and (c) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“*Specified Change of Control Event*” means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; provided that the Company or substantially all of the assets of the Company and its Restricted Subsidiaries taken together are merged, consolidated, amalgamated, or otherwise combined with, or acquired by, through any legal form or structure of such transaction or combination whatsoever, another person engaged in a Permitted Business; provided further that the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries would have been less than 4.5 to 1.0, after giving *pro forma* effect to such event. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted.

“*Standard Securitization Undertakings*” means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Indebtedness*” means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or its Notes Guarantees pursuant to a written agreement.

“*Subordinated Shareholder Funding*” means, collectively, any funds provided to the Company by a Parent in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and
- (5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

“*Subsidiary*” means, with respect to any Person:

- (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or
- (2) any partnership, joint venture, limited liability company or similar entity of which:
  - (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

- (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“*Successor Parent*” with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, “beneficially owned” (as defined below) by one or more Persons that “beneficially owned” (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, “beneficially own” has the meaning correlative to the term “beneficial owner,” as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

“*Swiss Government Bond Rate*” means, with respect to any redemption date, the yield to maturity at the time of computation of direct obligations of the Swiss Confederation (*Staatsanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the redemption date to May 1, 2018; *provided, however*, that if the period from the redemption date to May 1, 2018 is not equal to the constant maturity of a direct obligation of the Swiss Confederation for which a weekly average yield is given, the Swiss Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Swiss Confederation for which such yields are given, except that if the period from such redemption date to May 1, 2018 is less than one year, the weekly average yield on actually traded direct obligations of the Swiss Confederation adjusted to a constant maturity of one year shall be used.

“*Swiss Government Obligations*” means any security that is (1) a direct obligation of Switzerland for the payment of which the full faith and credit of Switzerland is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of Switzerland the payment of which is unconditionally Guaranteed as a full faith and credit obligation by Switzerland, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“*Tax Sharing Agreement*” means any tax sharing or profit and loss pooling or similar agreement with customary or arm’s-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

“*Taxes*” means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

“*Temporary Cash Investments*” means any of the following:

- (1) any investment in:
  - (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or
  - (b) direct obligations of any country recognized by the United States of America rated at least “A” by S&P or “A-1” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers’ acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:
  - (a) any lender under the Revolving Credit Facility;
  - (b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or
  - (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,



in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least “A” by S&P or “A-2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;
- (4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of “P-2” (or higher) according to Moody’s or “A-2” (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least “BBB” by S&P or “Baa3” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least “A” by S&P or “A2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and
- (9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

“*Total Assets*” means the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person, excluding the effect of any purchase price accounting or adjustments to goodwill as a result of the NJJ Acquisition.

“*Transactions*” means the issuance of the Notes and the Senior Notes, the amending of the Intercreditor Agreement and the Revolving Credit Facility on or about the Issue Date, the entry into the Security Documents as in effect on the Issue Date, the application of the net proceeds of the offering of the Notes as described in the Offering Memorandum, including the making of the proceeds loan from the Issuer to Matterhorn Mobile and the repayment or discharge of existing indebtedness of the Matterhorn Group, the closing out or replacement of Hedging Obligations pursuant to the foregoing, the making of distributions as described in the Offering Memorandum, the recapitalization of the Matterhorn Group, any transactions within the Matterhorn Group for purposes of affecting any of the foregoing and the payment or incurrence of any fees, expense or charges associated with any of the foregoing.

“*Trust Indenture Act*” means the Trust Indenture Act of 1939, as amended.

“*Uniform Commercial Code*” means the New York Uniform Commercial Code.

“*Unrestricted Subsidiary*” means:

- (1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but not including the Issuer) to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Company in such Subsidiary complies with “—*Certain Covenants—Limitation on Restricted Payments.*”

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer’s Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Company could Incur at least CHF 1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (y) the Consolidated Net Leverage Ratio would not be greater than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer’s Certificate certifying that such designation complied with the foregoing provisions.

“*U.S. GAAP*” means generally accepted accounting principles in the United States of America as in effect from time to time.

“*Voting Stock*” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

“*Wholly Owned Subsidiary*” means a Restricted Subsidiary of the Company, all of the Voting Stock of which (other than directors’ qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

## DESCRIPTION OF THE SENIOR NOTES

The following is a description of the €250,000,000 aggregate principal amount of 4.875% Senior Notes due 2023 (the “Notes”). The Notes will be issued by Matterhorn Telecom Holding S.A., a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg (the “Issuer”), and unconditionally guaranteed on a senior basis by certain material subsidiaries of the Issuer, including Matterhorn Telecom S.A. (the “Senior Secured Notes Issuer”).

In this “*Description of the Senior Notes*,” the “Issuer” refers only to Matterhorn Telecom Holding S.A., and any successor obligor to Matterhorn Telecom Holding S.A. on the Notes, and not to any of its subsidiaries, including the Senior Secured Notes Issuer. The Senior Secured Notes Issuer has been organized as a *société anonyme* organized under the laws of the Grand Duchy of Luxembourg and shall issue the Senior Secured Notes due 2022 (together with any additional Senior Secured Notes issued under the relevant indenture, the “Senior Secured Notes”) concurrently with the issuance of the Notes.

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer, together with the proceeds of the Senior Secured Notes, to redeem in full the existing notes of the Matterhorn Group, to terminate or amend our existing hedging obligations, to make a distribution to our shareholder, and to pay fees, costs and expenses payable in connection therewith, in all cases as set forth in this Offering Memorandum under the caption “*Use of Proceeds*.”

Upon the initial issuance of the Notes, the Notes will be obligations of the Issuer and will be guaranteed by the Guarantors. The Guarantors that are Restricted Subsidiaries (as defined below) of the Issuer are referred to herein as the “Guarantors,” and each guarantee provided by such a Subsidiary Guarantor, a “Note Guarantee.”

The Issuer will issue the Notes under an indenture to be dated as of the Issue Date among, *inter alios*, the Issuer, the Subsidiary Guarantors and Deutsche Trustee Company Limited, as Trustee (the “Indenture”). The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See “*Notice to Investors*.” The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under, incorporate provisions by reference or be subject to any provision of the Trust Indenture Act. The Notes are subject to all such terms pursuant to the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The following is a summary of the material provisions of the Indenture and the Security Documents and refers to the Intercreditor Agreement and does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, the Security Documents and the Intercreditor Agreement, respectively. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture and the Security Documents in their entirety. Copies of the Indenture and the Intercreditor Agreement are available as described under “*Available Information*.” You can find the definitions of certain terms used in this description under “*Certain Definitions*.”

### Brief Description of the Notes and the Notes Guarantees

#### *The Notes*

The Notes will upon issuance:

- be senior obligations of the Issuer;
- rank *pari passu* in right of payment with any existing and future indebtedness of the Issuer that is not subordinated to the Notes (including the senior guarantee given by the Issuer in favor of the Revolving Credit Facility and the Senior Secured Notes), but are subject to restrictions on payment in certain circumstances described under “*Description of Certain Financing Arrangements—Intercreditor Agreement*”;
- rank senior in right of payment to any existing and future obligations of the Issuer that is expressly subordinated to the Notes;
- be effectively subordinated to any existing and future secured Indebtedness of the Issuer and its Subsidiaries that are secured by liens ranking ahead of the liens securing the Notes or secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness (including the Senior Secured Notes and the Revolving Credit Facility); and
- be effectively subordinated to any existing and future Indebtedness of Subsidiaries of the Issuer that do not guarantee the Notes.

## ***The Notes Guarantees***

The Notes will be guaranteed by the Guarantors described herein.

Each Notes Guarantee will upon issuance:

- be a senior subordinated obligation of the relevant Guarantor;
- be subordinated in right of payment to all existing and future Senior Indebtedness of each Guarantor (including the Guarantors' obligations under the Senior Secured Notes, the Revolving Credit Facility and certain hedging agreements);
- rank *pari passu* in right of payment with any existing and future senior subordinated indebtedness of that Guarantor;
- rank senior in right of payment to any existing and future obligations of that Guarantor that is expressly subordinated to such Notes Guarantee;
- be effectively subordinated to any existing and future indebtedness of that Guarantor that is secured by liens senior to the liens securing that Guarantor's guarantee or secured with property or assets that do not secure that Guarantor's guarantee, to the extent of the value of the property or assets securing such indebtedness; and
- be subject to the guarantee limitations described herein and in "*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability.*"

Payment under the Notes Guarantees will be expressly subordinated in right of payment to the payment when due of all Senior Indebtedness of the Guarantors (including Indebtedness Incurred under the Revolving Credit Facility, the Senior Secured Notes and certain Hedging Obligations). As a result of this subordination, holders of Senior Indebtedness of any Guarantor will be entitled to receive full payment on all obligations owed to them before any payment can be made to holders of the Notes in respect of the Notes Guarantees.

### ***Subordination of the Notes Guarantees on the Basis of the Intercreditor Agreement***

Each of the Notes Guarantees is a senior subordinated Notes Guarantee, which means that, pursuant to the terms of the Intercreditor Agreement, each such Notes Guarantee ranks behind, and is expressly subordinated to, all the existing and future Senior Indebtedness of the relevant Guarantor, including any obligations owed by the relevant Guarantor under the Revolving Credit Facility and the Senior Secured Notes. The ability to take enforcement action against the Guarantors under their Notes Guarantees is subject to significant restrictions imposed by the Intercreditor Agreement and the terms of the Notes Guarantees, and potentially any Additional Intercreditor Agreements entered into after the Issue Date. For a description of the restrictions imposed by the Intercreditor Agreement, see "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

Because of the foregoing subordination provisions, it is likely that holders of Senior Indebtedness and other creditors (including trade creditors) of a Guarantor would recover disproportionately more than the holders of the Notes recover in any insolvency or similar proceeding relating to such Guarantor. In any such case, there may be insufficient assets, or no assets, remaining to pay the principal of or interest on the Notes.

### **Principal, Maturity and Interest**

The Issuer will issue €250 million in aggregate principal amount of Notes. The Notes have a maturity price of 100% (plus accrued interest, if any, from the Issue Date) and will mature on May 1, 2023. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest on the Notes will accrue at the rate of 4.875% per annum and will be payable, in cash, semi-annually in arrears on May 1 and November 1 of each year, commencing on November 1, 2015, to holders of record on the immediately preceding April 15 and October 15, respectively. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

## **Additional Notes**

From time to time, subject to the Issuer's compliance with the covenants described under the headings "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*," the Issuer is permitted to issue additional Notes, which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate supplied to the Trustee ("Additional Notes"):

- (1) the title of such Additional Notes;
- (2) the aggregate principal amount of such Additional Notes;
- (3) the date or dates on which such Additional Notes have been issued;
- (4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;
- (5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;
- (6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;
- (7) if other than denominations of €100,000 and in integral multiples of €1,000 in excess thereof in relation to the Additional Notes, the denominations in which such Additional Notes shall be issued and redeemed; and
- (8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Additional Notes will be treated, along with all other series of Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of the Senior Notes*," references to "Notes" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes.

Additional Notes may also be designated as Additional 4.875% Senior Notes due 2023, but only if having terms substantially identical in all material respects to the Initial Senior Notes issued on the Issue Date.

## **Methods of Receiving Payments on the Notes**

Principal, premium, if any, interest and Additional Amounts (defined below), if any, on the Global Notes (as defined below) will be payable at the specified office or agency of the applicable Paying Agent; *provided* that all such payments with respect to Notes represented by one or more Global Note registered in the name of or held by a nominee of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of the applicable Paying Agent in the City of London maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*Paying Agent and Registrar for the Notes*."

## **Paying Agent and Registrar for the Notes**

The Issuer will maintain one or more paying agents (each a "Paying Agent") for the Notes in the City of London. The Issuer will also undertake, to the extent possible, to use reasonable efforts to maintain a paying agent having a specified office in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC (the "Directive") or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 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 Paying Agent for the Notes will be Deutsche Bank AG, London Branch in London.

The Issuer will also maintain one or more registrars (each, a “Registrar”) with offices in Luxembourg, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require. The Issuer will also maintain a transfer agent (the “Transfer Agent”) in Luxembourg. The initial Registrar and Transfer Agent will be Deutsche Bank Luxembourg S.A. in Luxembourg. The Registrar and the Transfer Agent in Luxembourg will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. Each transfer agent shall perform the functions of a Transfer Agent.

The Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the Holders of the Notes. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### **Transfer and Exchange**

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- The Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the “144A Global Notes”).
- The 144A Global Notes will, upon issuance, be deposited with and registered in the name of the common depositary (or its nominee) for the accounts of Euroclear and Clearstream.
- The Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by global notes in registered form without interest coupons attached (the “Regulation S Global Notes” and, together with the 144A Global Notes, the “Global Notes”).
- The Regulation S Global Notes will, upon issuance, be deposited with and registered in the name of the common depositary (or its nominee) for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes (“Book-Entry Interests”) will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under “*Notice to Investors*.” In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book-Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Notice to Investors*” and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Transfer Restrictions*.”

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in aggregate principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Notes:

- (1) for a period of 15 days prior to any date fixed for the redemption of such Notes;
- (2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;
- (3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes; or
- (4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Registrar and the Paying Agents will be entitled to treat the Holder of a Note as the owner of it for all purposes.

### **Restricted Subsidiaries and Unrestricted Subsidiaries**

On the Issue Date, all of the Issuer’s Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under “—*Certain Definitions—Unrestricted Subsidiary*,” the Issuer will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

### **Notes Guarantees**

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control, will (subject to the Agreed Security Principles) be guaranteed, jointly and severally on a senior subordinated basis by each material subsidiary of the Issuer that is a guarantor under the Revolving Credit Facility (each a “Guarantor” and such guarantee, a “Notes Guarantee”).

The initial Guarantors and their respective jurisdictions of incorporation will be as follows:

Matterhorn Telecom S.A.	Luxembourg
Matterhorn Mobile S.A.	Luxembourg
Orange Communications SA	Switzerland
Orange Network SA	Switzerland

For the year ended December 31, 2014, after giving effect to the Transactions, Matterhorn Mobile, Orange and Orange Network SA account for 100% of the revenues, 100.3% of the EBITDA (Orange’s only subsidiary that will not guarantee the Notes, Orange (Liechtenstein) AG, generated negative EBITDA) and 99.1% of the

total assets of the Issuer and its Subsidiaries.

In addition, as described below under “—*Certain Covenants—Additional Guarantees*” and subject to the Intercreditor Agreement and the Agreed Security Principles, each Restricted Subsidiary of the Issuer that guarantees the Revolving Credit Facility, Public Debt or certain other indebtedness shall also enter into a supplemental indenture as a Guarantor of the Notes and accede to the Intercreditor Agreement.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Revolving Credit Facility, the Notes and the Senior Secured Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, “thin capitalization” rules, retention of title claims and similar matters.

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor’s obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor’s obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*,” “*Risk Factors—Risks Related to the Notes and Our Structure—The Swiss collateral is subject to hardening periods and the Swiss guarantees are subject to fraudulent transfer (avoidance actions)*” and “*Risk Factors—Risks Related to the Notes and Our Structure—The insolvency laws of Luxembourg and Switzerland may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.*”

The Notes Guarantee of a Guarantor will terminate and release upon:

- a sale, disposition, exchange or other transfer (including by way of consolidation, merger, amalgamation or combination) of ownership interests in the Guarantor (directly or through a parent company) such that the Guarantor does not remain a Restricted Subsidiary, including, for the avoidance of doubt, the liquidation of Matterhorn Mobile, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary), in each case, otherwise permitted by the Indenture;
- the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- defeasance or discharge of the Notes, as provided in “—*Defeasance*” and “—*Satisfaction and Discharge*”;
- with respect to a Guarantor that is not a Significant Subsidiary, so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Facility and the Senior Secured Notes and (ii) does not guarantee any other Credit Facility or Public Debt;
- in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement; or
- as described under “—*Amendments and Waivers*.”

Substantially all the operations of the Issuer are conducted through its Subsidiaries. Claims of creditors of non-guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Issuer and the Guarantors, including Holders of the Notes. The Notes and each Notes Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Issuer (other than the Guarantors). As of and for the year ended December 31, 2014, after giving effect to the Transactions, the total liabilities of the Issuer’s Subsidiary that will not guarantee the Notes were immaterial. Although the Indenture limits the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See “—*Certain Covenants—Limitation on Indebtedness*.”

## Security

### *The Collateral*

Pursuant to the Security Documents to be entered into on or prior to the Issue Date, the Issuer has granted or will grant in favor of Société Générale, as security agent (the “Security Agent”), liens and security interests on a second priority basis, subject to the operation of the Agreed Security Principles, certain perfection requirements and any Permitted Collateral Liens, over shares of capital stock of the Senior Secured Notes Issuer.

All Collateral shall be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

Notwithstanding the foregoing, certain assets will not be pledged (or the Liens not perfected) in accordance with the Agreed Security Principles, including:

- if the cost of providing security is not proportionate to the benefit accruing to the Holders;
- if there is material incremental cost involved in creating security over all assets of a Guarantor in a particular category of assets, only the material assets in that category will be subject to security;
- if providing such security requires consent before such assets may be secured or where providing such security would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of the Issuer, the Senior Secured Notes Issuer or any of their Subsidiaries in respect of those assets or require any of them to take any action materially adverse to their interests and where (subject to certain conditions being met) such consent cannot be obtained after the use of reasonable endeavors;
- if providing such security would be prohibited by applicable law, general statutory limitations, financial assistance, corporate benefit, fraudulent preference, “thin capitalization” rules or similar matters or providing security would be outside the applicable pledgor’s capacity or conflict with fiduciary duties of directors or cause material risk of personal or criminal liability after the use of reasonable endeavors to overcome such prohibitions (if possible);
- if in certain jurisdictions it may be either impossible or impractical to create security over certain categories of assets, security will not be taken over such assets;
- if providing such security would have a material adverse effect (as reasonably determined in good faith by such Subsidiary) on the ability of such Subsidiary to conduct its operations and business in the ordinary course as otherwise permitted by the Indenture and any requirement under the Agreed Security Principles to seek consent of any person or take or not take any other action shall be subject to this principle;
- no perfection action will be required in jurisdictions where a Guarantor is not located but perfection action may be required in the jurisdiction of one Guarantor in relation to security granted by another Guarantor located in a different jurisdiction and (where otherwise consistent with the Agreed Security Principles) in any supra-national registries agreed between the Issuer and the Security Agent from time to time;
- in the case of bank accounts, if providing such security or perfecting liens thereon would require giving notice to the banks with whom the accounts are maintained, such notice will only be provided after the Notes are accelerated; and
- in the case of receivables, notification of receivables security to debtors and of security over goods held by third parties will only be provided after the Notes are accelerated, subject to certain exceptions.

The Collateral, which will secure the Notes on a second priority basis, will also secure, on a prior basis, the liabilities under the Revolving Credit Facility, certain Hedging Obligations and the Senior Secured Notes. Subject to certain conditions, including compliance with the covenant described under “—*Certain Covenants—Impairment of Security Interest*,” the Issuer is permitted to grant security over the Collateral in connection with future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, including any Additional Notes, in each case, as permitted under the Indenture.

### *Administration of Security and Enforcement of Liens*

The Security Documents and the Collateral will be administered by the Security Agent, in each case pursuant to the Intercreditor Agreement for the benefit of all holders of secured obligations. The enforcement of the Security Documents will be subject to the procedures set forth in the Intercreditor Agreement. In general, the

rights of the Security Agent (acting on its own behalf or on behalf of the Holders) to take enforcement action under the Security Documents with respect to the Collateral are subject to certain standstill provisions and payment blockage and other limitations on enforcement. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*”

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the Issuer’s or a Guarantor’s bankruptcy. See “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability*” and “*Risk Factors—Risks Related to the Notes and Our Structure—The insolvency laws of Luxembourg and Switzerland may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due on the Notes.*” In addition, the enforcement of the Collateral will be limited to the maximum amount required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. As a result of these limitations, the enforceable amounts of the Issuer’s obligation under the Notes and a Guarantor’s obligation under its Notes Guarantee could be significantly less than the total amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See “*Risk Factors—Risks Related to the Notes and Our Structure—Each Guarantee and security interest will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit its validity and enforceability.*”

Subject to the terms of the Security Documents, the Issuer and the Senior Secured Notes Issuer will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the holders of the Notes after satisfying the senior obligations owed to the holders of the Senior Secured Notes and paying obligations under the Revolving Credit Facility and certain Hedging Obligations. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all.

In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of some of the Collateral. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation. See “*Description of Certain Financing Arrangements—Intercreditor Agreement.*”

The Trustee for the Notes has, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed Société Générale, as Security Agent to act as its agent under the Intercreditor Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents);
- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which it is a party (including, without limitation, the Security Documents), together with any other incidental rights, power and discretions; and (ii) execute each document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf; and
- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below) and each Holder will also be deemed to have authorized the Trustee to enter into any such Additional Intercreditor Agreement.

### **Priority**

The relative priority with regard to the Collateral as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, (c) the Trustee and the Holders with respect to the Senior Secured Notes and (d) the Trustee and the Holders under the Indenture, is established by the terms of the Intercreditor Agreement and the Security Documents, which provide that the obligations under the Notes and the Senior Secured Notes will receive proceeds of enforcement of security over the Collateral only after the claims of the Revolving Credit Facility and certain Hedging Obligations are satisfied, and the Notes will receive proceeds from enforcement of the relevant Collateral only after the claims of the Revolving Credit Facility,



certain Hedging Obligations and the Senior Secured Notes are satisfied. See “*Description of Certain Financing Arrangements—Intercreditor Agreement*.” In addition, pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Issue Date, the Collateral may be pledged to secure other Indebtedness. The creditors under any Senior Indebtedness will receive proceeds from an enforcement of the Collateral in priority to the Trustee and the Holders under the Indenture. See “*—Release of Liens*,” “*—Certain Covenants—Impairment of Security Interest*” and “*—Certain Definitions—Permitted Collateral Liens*.”

### ***Release of Liens***

The Security Agent will take any action required to effectuate any release of Liens over the property and other assets constituting Collateral required by a Security Document:

- (1) upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or discharge or defeasance thereof in accordance with the Indenture;
- (2) upon release of a Notes Guarantee in accordance with the Indenture, the release of the property, assets and capital stock of such Guarantor;
- (3) in connection with any disposition of Collateral, directly or indirectly, to (a) any Person other than the Issuer or any of its Restricted Subsidiaries (but excluding any transaction subject to “*—Certain Covenants—Merger and Consolidation—The Issuer*”) that is permitted by the Indenture (with respect to the Lien on such Collateral) or (b) the Issuer or any Restricted Subsidiary consistent with the Intercreditor Agreement;
- (4) in accordance with the covenant described under “*—Certain Covenants—Impairment of Security Interest*”;
- (5) as otherwise provided in the Intercreditor Agreement; and
- (6) as described under “*—Amendments and Waivers*.”

Each of these releases shall be effected by the Security Agent and the Trustee without the consent of the Holders.

The Issuer and its Restricted Subsidiaries may also, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to Collateral, including, without limitation, (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien under the Security Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) selling, transferring or otherwise disposing of current assets in the ordinary course of business; and (iii) any other action permitted by the Security Documents or the Intercreditor Agreement.

### ***Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements***

In connection with the Incurrence of any Indebtedness by the Issuer or any of its Restricted Subsidiaries that is permitted to share the Collateral, the Trustee and the Security Agent shall, at the request of the Issuer, enter into with the Issuer, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives) one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an “Additional Intercreditor Agreement”), on substantially the same terms as the Intercreditor Agreement (or terms that are not materially less favorable to the Holders) and substantially similar as applies to sharing of the proceeds of security and enforcement of security, priority and release of security; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement. In connection with the foregoing, the Issuer shall furnish to the Trustee such documentation in relation thereto as it may reasonably require. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided, however*, that such transaction would comply with the covenant described herein under “*—Certain Covenants—Limitation on Restricted Payments*.”

The Indenture will also provide that, at the written direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such Intercreditor Agreement that may be

Incurred by the Issuer or its Restricted Subsidiaries that is subject to any such Intercreditor Agreement (provided that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens or (6) make any other change to any such agreement that does not adversely affect the Holders of Notes in any material respect. The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under “—*Amendments and Waivers*” or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or any Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee and the Security Agent to enter into the Intercreditor Agreement, any amendments referenced in the preceding paragraph and any Additional Intercreditor Agreement on each Holder’s behalf.

A copy of the Intercreditor Agreement or an Additional Intercreditor Agreement shall be made available to the Holders upon request and will be made available for inspection during normal business hours on any Business Day upon prior written request at the office of the Issuer and at the offices of the Paying Agent in London.

### Optional Redemption

Except as set forth herein and under “—*Redemption for Taxation Reasons*,” the Notes are not redeemable at the option of the Issuer.

At any time prior to May 1, 2018, the Issuer may redeem the Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days prior written notice to the Holders of the Notes (with a copy to the Trustee and the Paying Agent) at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

At any time and from time to time on or after May 1, 2018, the Issuer may redeem the Notes in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest to the redemption date:

<u>Twelve month period commencing May 1 in:</u>	<u>Percentage</u>
2018 .....	102.438%
2019 .....	101.219%
2020 and thereafter .....	100.000%

At any time and from time to time prior to May 1, 2018, the Issuer may redeem Notes with the net cash proceeds received by the Issuer from any Equity Offering at a redemption price equal to 104.875% plus accrued and unpaid interest to the redemption date, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including Additional Notes), provided that:

- (1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and
- (2) not less than 60% of the original principal amount of the Notes being redeemed (including the principal amount of any Additional Notes) remain outstanding immediately thereafter.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

Any redemption and notice of redemption may, at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering).

If the Issuer effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules

of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

### **Sinking Fund**

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

### **Selection and Notice**

If less than all of the Notes are to be redeemed at any time, the Trustee or the Registrar, as applicable, will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee or the Registrar, as applicable, by the Issuer, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream or Euroclear or Clearstream prescribe no method of selection, on a *pro rata* basis or by use of a pool factor; *provided, however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. Neither the Trustee nor the Registrar will be liable for any selections made by it in accordance with this paragraph.

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, any such notice to the Holders of the relevant Notes shall to the extent and in the manner permitted by such rules be posted on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and in addition to such release, not less than 10 days nor more than 60 days prior to the redemption date, the Issuer will mail, or at the expense of the Issuer, cause to be mailed, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar. Such notice of redemption may also be posted on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

### **Redemption for Taxation Reasons**

The Issuer or Successor Issuer (as defined below) may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days prior written notice to the Holders of the Notes (which notice will be irrevocable), with a copy to the Trustee and the Paying Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a “Tax Redemption Date”) (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see “—*Withholding Taxes*”), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer, a Successor Issuer or the relevant Guarantor determines in good faith that, as a result of:

- (1) any change in, or amendment to, the law (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or
- (2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a “Change in Tax Law”),

the Issuer, a Successor Issuer or the relevant Guarantor is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuer, the Successor Issuer or the relevant Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable and would not cause the Issuer to incur material additional out-of-pocket costs, but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of the Successor Issuer. Notice of redemption for taxation reasons will be published in accordance with the procedures described under “—*Selection and Notice*.” Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Issuer, a Successor Issuer or the relevant Guarantor would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or Successor Issuer will deliver to the Trustee (a) an Officer’s Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer, Successor Issuer or Guarantor has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer’s Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is incorporated or organized or any political subdivision or taxing authority or agency thereof or therein.

## Withholding Taxes

All payments made by the Issuer, a Successor Issuer or any Guarantor (a “Payor”) on the Notes or the Notes Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) Luxembourg or any political subdivision or Governmental Authority thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on any such Note or Notes Guarantee is made by a Payor or its agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which a Payor is incorporated or organized, resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a “Relevant Taxing Jurisdiction”),

will at any time be required from any payments made by a Payor with respect to any Note or Notes Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received in respect of such payments on any such Note or Notes Guarantee in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable for or on account of:

- (1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a

citizen or resident or national of, or carrying on a business or maintaining a permanent establishment or a dependent agent in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment in respect thereof;

- (2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence or identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by applicable law, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes;
- (3) any Taxes that are payable otherwise than by deduction or withholding from a payment with respect to the Notes;
- (4) any estate, inheritance, gift, value added, sales, excise, use, transfer, personal property or similar Taxes;
- (5) any Taxes that are required to be deducted or withheld pursuant to Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or pursuant to the Luxembourg law of December 23, 2005 introducing a withholding tax on certain savings income paid to Luxembourg resident individual holders and to certain residual entities;
- (6) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent;
- (7) any Tax that is imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), any regulations or other official guidance thereunder, any intergovernmental agreement entered into in connection therewith, any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to any of the foregoing or any agreements entered into pursuant to section 1471(b)(1) of the Code; or
- (8) any combination of the above.

Such Additional Amounts also will not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is permitted or required for payment) within 15 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (8) inclusive above.

In addition, no Additional Amounts shall be paid with respect to any payment to any Holder who is a fiduciary or a partnership or other than the sole beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Payor and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Issuer.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable



and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises, or the Payor becomes aware of such obligation, less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the Notes Guarantees or this "*Description of the Senior Notes*" there are mentioned, in any context:

- (1) the payment of principal;
- (2) purchase prices in connection with a purchase of Notes;
- (3) interest; or
- (4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other property or similar Taxes that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than a transfer or exchange of the Notes), excluding any such Taxes imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the Holders for any such taxes paid by such Holders. The foregoing obligations of this paragraph will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is organized or any political subdivision or taxing authority or agency thereof or therein.

### **Change of Control**

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Issuer to repurchase all or part (equal to €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuer shall not be obliged to repurchase Notes as described under this "*—Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "Change of Control Offer") to each Holder of any such Notes, with a copy to the Trustee:

- (1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");
- (2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date");
- (3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;
- (4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and
- (5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;
- (3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;
- (4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and
- (5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or its authenticating agent will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in an aggregate principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations, or require a repurchase of the Notes, under the Change of Control provisions of the Indenture by virtue of the conflict.

Under the Revolving Credit Facility, the occurrence of a change of control would require the repayment of such debt. Future debt of the Issuer or its Subsidiaries may prohibit the Issuer from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or requires repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer.

Finally, the Issuer's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See *"Risk Factors—Risks Related to the Notes and Our Structure—We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indentures and the change of control provision contained in the Indentures may not necessarily afford you protection in the event of certain important corporate events."*

Holder of the Notes may not be entitled to require the Issuer to purchase their Notes in certain circumstances involving a significant change in the composition of the Issuer's board of directors, including in

connection with a proxy contest, where the Issuer's board of directors initially publicly opposes the election of a dissident slate of directors, but subsequently approves such directors for the purposes of the Indenture. This may result in a change in the composition of the board of directors that, but for such subsequent approval, would have otherwise constituted a Change of Control requiring a repurchase offer under the terms of the Indenture.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all," there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above. In addition, you should note that case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, the Issuer may nevertheless avoid triggering a change of control under a clause similar to clause (2) of the definition of "*Change of Control*," if the outgoing directors were to approve the new directors for the purpose of such change of control clause.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

## **Certain Covenants**

### ***Limitation on Indebtedness***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any of the Restricted Subsidiaries may Incur Indebtedness if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries is less than 4.5 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

- (1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of CHF 300.0 million and 12.3% of Total Assets, plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;
- (2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary; or  
(b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;
- (3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided, however*, that:
  - (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and
  - (b) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer,shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be;
- (4) Indebtedness represented by (a) the Notes (other than any Additional Notes) and the Senior Secured Notes (other than any additional Senior Secured Notes), (b) any Indebtedness (other than Indebtedness described in clauses (1) and (3) of this paragraph) outstanding on the Issue Date after giving effect to

the Transactions, including the loans of the proceeds of and the guarantees of and security granted with respect to the Senior Secured Notes, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Management Advances;

- (5) Indebtedness of any Person (i) Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or another Restricted Subsidiary of the Issuer or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (ii) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; *provided, however*, with respect to each of clause (5)(i) and (5)(ii), that at the time of such acquisition or other transaction (x) the Issuer would have been able to Incur CHF 1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such acquisition or other transaction;
- (6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Issuer or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Issuer);
- (7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of (A) CHF 50.0 million and (B) 2.0% of Total Assets;
- (8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion or performance or other similar guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business (including, without limitation, for asset rentals and/or purchases of goods or services) or in respect of any governmental requirement, including in relation to a governmental requirement to provide a guarantee or bond for any spectrum acquisition, or any other contingent or similar obligations or commitments incurred in the ordinary course of business (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, including in relation to a governmental requirement to provide a letter of credit, guarantee or similar obligation for any spectrum acquisition; *provided, however*, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;
- (9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;
- (10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of Incurrence;
- (b) Customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

- (c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and
  - (d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;
- (11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of CHF 125.0 million and 5.1% of Total Assets;
- (12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; *provided, however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (11) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (11) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;
- (13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing;
- (14) Indebtedness under daylight borrowing facilities incurred in connection with the Transactions or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred; and
- (15) Indebtedness consisting of local lines of credit or working capital facilities not exceeding CHF 25.0 million outstanding at one time.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

- (1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;
- (2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (12) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;
- (4) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;



- (5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and
- (6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, including a change of IFRS to U.S. GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this “*Limitation on Indebtedness*.” The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of “*Indebtedness*.”

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date.

For purposes of determining compliance with any CHF-denominated restriction on the Incurrence of Indebtedness, the CHF Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Issuer, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than CHF, and such refinancing would cause the applicable CHF-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such CHF-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced; (b) the CHF Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in CHF, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the CHF Equivalent of such amount plus the CHF Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

### ***Limitation on Restricted Payments***

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

- (1) declare or pay any dividend or make any distribution on or in respect of the Issuer’s or any Restricted Subsidiary’s Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:
  - (a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding;
  - (b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value); and
  - (c) dividends or distributions payable to any Parent in respect of Indebtedness of such Parent which is guaranteed by the Issuer or any Restricted Subsidiary;
- (2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

- (3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*”); or
- (4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or
- (5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a “Restricted Payment”), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

- (a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);
- (b) the Issuer is not able to Incur an additional CHF 1.00 of Indebtedness pursuant to the first paragraph under the “—*Limitation on Indebtedness*” covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or
- (c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (6), (11), (12), (13) and (18) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):
  - (i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);
  - (ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions);
  - (iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange);

- (iv) the amount equal to the net reduction in Restricted Investments made by the Issuer or any of its Restricted Subsidiaries resulting from:
  - (A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Issuer or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Issuer or any Restricted Subsidiary; or
  - (B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of “Investment”) not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Issuer or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided, however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer’s option) included under this clause (iv); and
- (v) the amount of the cash and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Issuer or any of its Restricted Subsidiaries in connection with:
  - (A) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Issuer; and
  - (B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate to the Issuer or a Restricted Subsidiary;

*provided, however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer’s option) included under this clause (v); *provided further, however*, that such amount shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c). Upon a Specified Change of Control Event, all amounts calculated pursuant to this clause (c) shall be reset to zero and all references to Issue Date in this clause (c) shall thereafter refer to the date of such Specified Change of Control Event.

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by the Board of Directors of the Issuer.

The foregoing provisions will not prohibit any of the following (collectively, “Permitted Payments”):

- (1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer; *provided, however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;
- (2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” above;
- (3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in

each case, is permitted to be Incurred pursuant to the covenant described under “—*Limitation on Indebtedness*” above, and that in each case, constitutes Refinancing Indebtedness;

- (4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:
  - (a) (i) from Net Available Cash to the extent permitted under “—*Limitation on Sales of Assets and Subsidiary Stock*” below, but only if the Issuer shall have first complied with the terms described under “—*Limitation on Sales of Assets and Subsidiary Stock*” and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;
  - (b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a “change of control”), but only (i) if the Issuer shall have first complied with the terms described under “—*Change of Control*” and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or
  - (c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;
- (5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;
- (6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (i) CHF 15.0 million multiplied by the number of calendar years that have commenced since the Issue Date plus (ii) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;
- (7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under “—*Limitation on Indebtedness*” above;
- (8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;
- (9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):
  - (a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

- (b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses Incurred in connection with the Transactions or disclosed in this Offering Memorandum or (ii) to the extent specified in clauses (2), (3), (5), (7), (11) and (12) of the second paragraph under “—*Limitation on Affiliate Transactions*”;
- (10) any Restricted Payment pursuant to or in connection with the Transactions as described in the Offering Memorandum;
- (11) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or loaned as Subordinated Shareholder Funding to the Issuer and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries shall be equal to or less than 4.00 to 1.00 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries shall be equal to or less than 4.25 to 1.00;
- (12) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed CHF 100.0 million or, if greater, 4.1% of Total Assets;
- (13) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided, however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors of the Issuer);
- (14) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (14);
- (15) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Issue Date; *provided, however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate, the issuance of Designated Preference Shares) of the Issuer or loaned as Subordinated Shareholder Funding to the Issuer, from the issuance or sale of such Designated Preference Shares;
- (16) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries;
- (17) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing; and
- (18) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), any dividend, distribution, loan or other payment to any Parent; *provided* that the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries on a *pro forma* basis after giving effect to any such dividend, distribution, loan or other payment does not exceed 3.75 to 1.0.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the categories described in clauses (1) through (18) above, or is permitted pursuant to the first paragraph of this covenant, the Issuer and its Restricted Subsidiaries will be entitled to



classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this covenant. The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

#### ***Limitation on Liens***

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, incur or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the “Initial Lien”), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Notes Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to clause (a)(2) of the preceding paragraph will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under “—Security—Release of Liens.”

#### ***Limitation on Restrictions on Distributions from Restricted Subsidiaries***

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

- (A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer;
- (B) make any loans or advances to the Issuer; or
- (C) sell, lease or transfer any of its property or assets to the Issuer,

*provided* that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

- (1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date, including the Indenture governing the Senior Secured Notes;
- (2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Issuer, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Issuer;
- (3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to

in clause (1) or (2) of this paragraph or this clause (3) (an “Initial Agreement”) or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Issuer);

- (4) any encumbrance or restriction:
  - (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;
  - (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or
  - (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;
- (5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;
- (6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;
- (7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;
- (8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;
- (9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;
- (10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;
- (11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—*Limitation on Indebtedness*” if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Revolving Credit Facility and the Intercreditor Agreement, together with the security documents associated therewith as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Issuer) or where the Issuer determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuer’s ability to make principal or interest payments on the Notes;
- (12) any encumbrance or restriction existing by reason of any lien permitted under “—*Limitation on Liens*”; or
- (13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing.

#### ***Limitation on Sales of Assets and Subsidiary Stock***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

- (1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or

otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Issuer, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

- (2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and
- (3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Issuer or such Restricted Subsidiary, as the case may be:
  - (a) to the extent the Issuer or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Senior Indebtedness of the Senior Secured Notes Issuer or of any Restricted Subsidiaries or any Indebtedness of a non-Guarantor Restricted Subsidiary of the Senior Secured Notes Issuer (in each case, other than Indebtedness owed to the Issuer or any Restricted Subsidiary) (or any Refinancing Indebtedness in respect thereof) within 425 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Issuer or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of any revolving Indebtedness) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Issuer shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Issuer makes (at such time or subsequently in compliance with this covenant) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or
  - (b) to the extent the Issuer or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Issuer or another Restricted Subsidiary) within 455 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Issuer that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 455<sup>th</sup> day,

*provided* that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Issuer and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute “Excess Proceeds” under the Indenture. On the 456th day after an Asset Disposition, or at such earlier date that the Issuer elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds CHF 50 million, the Issuer will be required to make an offer (“Asset Disposition Offer”) to all Holders of Notes issued under the Indenture and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in

the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in CHF, including the Notes, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their CHF Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the “Asset Disposition Offer Period”). No later than five Business Days after the termination of the Asset Disposition Offer Period (the “Asset Disposition Purchase Date”), the Issuer will purchase the aggregate principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this covenant (the “Asset Disposition Offer Amount”) or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer’s Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the Global Note), and the Trustee or its authenticating agent, upon delivery of an Officer’s Certificate from the Issuer, will authenticate (or cause to be authenticated) and mail or deliver (or cause to be transferred by book-entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book-entry) by the Issuer to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

- (1) the assumption by the transferee of Indebtedness of the Issuer or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Issuer or a Guarantor) and the release of the Issuer or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;
- (2) securities, notes or other obligations received by the Issuer or any Restricted Subsidiary of the Issuer from the transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;
- (3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

- (4) consideration consisting of Indebtedness of the Issuer (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Issuer or any Restricted Subsidiary; and
- (5) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of CHF 75.0 million and 3.1% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

### ***Limitation on Affiliate Transactions***

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Issuer (an “Affiliate Transaction”) involving aggregate value in excess of CHF 10 million unless:

- (1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm’s length dealings with a Person who is not such an Affiliate; and
- (2) in the event such Affiliate Transaction involves an aggregate value in excess of CHF 40 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Issuer.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this covenant if the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm’s length basis.

The provisions of the preceding paragraph will not apply to:

- (1) any Restricted Payment permitted to be made pursuant to the covenant described under “—*Limitation on Restricted Payments*,” any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under “—*Limitation on Restricted Payments*”) or any Permitted Investment (other than Permitted Investments as defined in paragraphs (l)(b), (2) and (11) of the definition thereof);
- (2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants’ plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;
- (3) any Management Advances and any waiver or transaction with respect thereto;
- (4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;



- (5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);
- (6) the Transactions and the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;
- (7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;
- (8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;
- (10)(a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Issuer in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;
- (11) without duplication in respect of payments made pursuant to clause (12) hereof, (a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual customary management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed CHF 4 million per year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Board of Directors of the Issuer in good faith;
- (12) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Issuer and its Subsidiaries; and
- (13) any transaction effected as part of a Qualified Receivables Financing.

### ***Limitation on Layering***

The Issuer will not permit any Guarantor to, and no Guarantor shall, Incur any Indebtedness that is or purports to be by its terms (or by the terms of any agreement governing such Indebtedness) to be subordinated in right of payment to any Senior Indebtedness of such Guarantor unless such Indebtedness is *pari passu* with the Guarantee of such Guarantor or is also by its terms (or by the terms of any agreement governing such Indebtedness) made subordinated in right of payment to the Guarantee of such Guarantor; *provided* that the foregoing limitation shall not apply to distinctions between categories of Senior Indebtedness that exist by reason of any Liens or guarantees arising or created in respect of some but not all such Senior Indebtedness; *provided, further*, that Indebtedness under a Credit Facility that is Senior Indebtedness of a Guarantor may provide for an ordering of payments among the tranches of such Credit Facility.

## Reports

For so long as any Notes are outstanding, the Issuer will provide to the Trustee the following reports:

- (1) within 120 days after the end of the Issuer's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Issuer or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer or its predecessor for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Issuer, and a discussion of material commitments and contingencies and critical accounting policies, with a scope that is similar in material respects to the discussion of the same items included in this Offering Memorandum; (d) description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;
- (2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Issuer beginning with the quarter ending March 31, 2015, all quarterly reports of the Issuer containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information of the Issuer (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Issuer, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments; and
- (3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Issuer or change in auditors of the Issuer or any other material event that the Issuer or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and *pro forma* financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, (x) in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods and (y) to the extent comparable prior period financial information of the Issuer does not exist, the comparable prior period financial information of Matterhorn Group may be provided in lieu thereof. Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Issuer. The filing of an annual report on Form 20-F within the time period specified in (1) will satisfy such provision.

At any time that any of the Issuer's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Issuer, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Issuer and its Subsidiaries, which reconciliation shall include the following items: revenues, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Issuer shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Issuer and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Issuer in good faith) or (b) to the extent the Issuer determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant at the offices of the Paying Agent in London or, to the extent and in the manner permitted by such rules, post such reports on the official website of the Luxembourg Stock Exchange.

In addition, so long as the Notes remain outstanding and during any period during which the Issuer is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Issuer shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### ***Merger and Consolidation***

#### ***The Issuer***

The Issuer will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

- (1) the resulting, surviving or transferee Person (the “Successor Issuer”) will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement);
- (2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or any Subsidiary of the Successor Issuer as a result of such transaction as having been Incurred by the Successor Issuer or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction, either (a) the Successor Issuer would be able to Incur at least an additional CHF 1.00 of Indebtedness pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or (b) the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such transaction; and
- (4) the Issuer shall have delivered to the Trustee an Officer’s Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Issuer (in each case, reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under “—*Limitation on Indebtedness*.”

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) and the provisions described below under “—*Guarantors*” (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph, clause (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary of the Issuer may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Issuer, (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary and (c) the Issuer and its Restricted Subsidiaries may undertake the Transactions. Notwithstanding the preceding clauses (2), (3) and (4) (which do not apply to the transactions referred to in this sentence), the Issuer may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer, reincorporating the Issuer in another jurisdiction, or changing the legal form of the Issuer.

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new subsidiary of the Issuer that becomes a parent of one or more of the Issuer’s Subsidiaries.

#### *Guarantors*

No Guarantor may:

- (1) consolidate with or merge with or into any Person;
- (2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or
- (3) permit any Person to merge with or into such Guarantor, unless
  - (A) the other Person is the Issuer or any Restricted Subsidiary that is Guarantor or becomes a Guarantor concurrently with the transaction); or
  - (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Notes Guarantee and the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement); and
    - (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or
  - (C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding the preceding clause (3)(B)(2) and the provisions described above under “—*The Issuer*” (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Guarantor, (b) any Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Guarantor and (c) the Guarantors may undertake the Transactions. Notwithstanding the preceding clause (3)(B)(2) (which does not apply to the transactions referred to in this sentence), a Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Guarantor reincorporating the Guarantor in another jurisdiction, or changing the legal form of the Guarantor.

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

#### *Suspension of Covenants on Achievement of Investment Grade Status*

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions

will not apply to such Notes: “—*Limitation on Restricted Payments*,” “—*Limitation on Indebtedness*,” “—*Limitation on Restrictions on Distributions from Restricted Subsidiaries*,” “—*Limitation on Affiliate Transactions*,” “—*Limitation on Sales of Assets and Subsidiary Stock*,” “—*Additional Guarantees*,” “—*Lines of Business*” and the provisions of clause (3) of the first paragraph of the covenant described under “—*Merger and Consolidation—The Issuer*,” and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and the “—*Limitation on Restricted Payments*” covenant will be interpreted as if it has been in effect since the date of the Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Issuer’s option, as having been Incurred pursuant to the first paragraph of the covenant described under “—*Limitation on Indebtedness*” or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under “—*Limitation on Indebtedness*,” such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*.”

### ***Additional Guarantees***

The Issuer will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to Guarantee any Indebtedness under the Revolving Credit Facility (or other Indebtedness that is Incurred under clause (1) of the second paragraph of the covenant described under “—*Limitation on Indebtedness*”) or Public Debt and any refinancing thereof in whole or in part unless such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee, which Notes Guarantee will be subordinated to such Restricted Subsidiary’s Guarantee of such other Indebtedness.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee.

Each additional Notes 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, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent and for so long as the Incurrence of such Notes Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to 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 (1) of this paragraph undertaken in connection with, such Notes Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Issuer or a Restricted Subsidiary or (4) an inconsistency with the Intercreditor Agreement.

### ***Impairment of Security Interest***

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than



the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any Lien over any of the Collateral that is prohibited by the covenant entitled “—*Limitation on Liens*”; provided, that the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the Intercreditor Agreement or the applicable Security Documents.

Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any Liens in accordance with the Indenture and the Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; or (iv) make any other change thereto that does not adversely affect the Holders in any material respect; *provided, however*, that, except where permitted by the Indenture or the Intercreditor Agreement, no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified 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, renewal, restatement, supplement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Issuer delivers to the Security Agent and the Trustee, either (1) a solvency opinion, reasonably satisfactory to the Security Agent and the Trustee, from an independent financial advisor or appraiser or investment bank of international standing which confirms the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting Liens after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an opinion of counsel (subject to any qualifications customary for this type of opinion of counsel), reasonably satisfactory to the Security Agent and the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject.

In the event that the Issuer and its Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

### ***Lines of Business***

The Issuer will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Similar Business, except to such extent as would not be material to the Issuer and its Restricted Subsidiaries, taken as a whole.

### **Events of Default**

Each of the following is an Event of Default under the Indenture:

- (1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;
- (2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;
- (3) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture;
- (4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted

Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

- (a) is caused by a failure to pay principal at Stated Maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness (“payment default provision”); or
- (b) results in the acceleration of such Indebtedness prior to its maturity (the “cross acceleration provision”);

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates CHF 20 million or more;

- (5) certain events of bankruptcy, insolvency or court protection of the Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the “bankruptcy provisions”);
- (6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of CHF 20 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the “judgment default provision”);
- (7) any security interest under the Security Documents on any material Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the “security default provision”); and
- (8) any Notes Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for 10 days (the “guarantee provision”).

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% in aggregate principal amount of the outstanding Notes notify the Issuer of the default and, with respect to clauses (3), (4) and (6), the Issuer does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under “*Events of Default*” has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee, and the Trustee has received, indemnity and/or security (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;
- (3) such Holders have offered to the Trustee, and the Trustee has received, security and/or indemnity (including by way of pre-funding) satisfactory to the Trustee against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity; and
- (5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security (including by way of pre-funding) satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity and/or security (including by way of pre-funding) satisfactory to it, and it will be for Holders to take action directly.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and subject to the Intercreditor Agreement and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

#### **Amendments and Waivers**

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes)

and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, without the consent of Holders holding not less than 90% (or, in the case of clause (8), 75%) of the then outstanding aggregate principal amount of Notes affected, an amendment or waiver may not, with respect to any such Notes held by a non-consenting Holder:

- (1) reduce the principal amount of such Notes whose Holders must consent to an amendment;
- (2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;
- (3) reduce the principal of or extend the Stated Maturity of any such Note;
- (4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under “—*Optional Redemption*”;
- (5) make any such Note payable in money other than that stated in such Note;
- (6) impair the right of any Holder to receive payment of principal of and interest on such Holder’s Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder’s Notes;
- (7) make any change in the provision of the Indenture described under “—*Withholding Taxes*” that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;
- (8) release (i) the security interest granted for the benefit of the Holders in the Collateral or (ii) any Notes Guarantee, in each case, other than pursuant to the terms of the Security Document or the Indenture, as applicable, except as permitted by the Intercreditor Agreement;
- (9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or
- (10) make any change in the amendment or waiver provisions which require the Holders’ consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

- (1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision of any Note Document to this “*Description of the Senior Notes*,” or reduce the minimum denomination of the Notes;
- (2) provide for the assumption by a successor Person of the obligations of the Issuer or any Guarantor under any Note Document;
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);
- (4) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;
- (5) make any change that does not adversely affect the rights of any Holder in any material respect;
- (6) at the Issuer’s election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act, if such qualification is required;
- (7) make such provisions as necessary (as determined in good faith by the Issuer) for the issuance of Additional Notes;
- (8) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the Covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and “—*Certain Covenants—Additional Guarantees*,” to add Notes Guarantees, to add security to or for the benefit of the Notes, or

to confirm and evidence the release, termination, discharge or retaking of any Notes Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Intercreditor Agreement or the Security Documents;

- (9) to evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document; or
- (10) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of parties to the Revolving Credit Facility or the Senior Secured Notes, in any property which is required by the Revolving Credit Facility or the Senior Secured Notes (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under “—*Certain Covenants—Impairment of Security Interest*” is complied with.

In formulating its decisions on such matters, the Trustee shall be entitled to rely on such evidence as it deems appropriate including Officer’s Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder’s Notes will not be rendered invalid by such tender.

### **Acts by Holders**

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

### **Defeasance**

The Issuer at any time may terminate all its and each Guarantor’s obligations under the Notes and the Indenture (“legal defeasance”) and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its and the Guarantor’s obligations under the covenants described under “—*Certain Covenants*” (other than with respect to clauses (1) and (2) of each of the covenants described under “—*Certain Covenants—Merger and Consolidation—The Issuer*” and “—*Certain Covenants—Merger and Consolidation—Guarantors*”) and “—*Change of Control*” and the default provisions relating to such covenants described under “—*Events of Default*” above, the operation of the cross acceleration provision, the payment default provision, the bankruptcy provisions with respect to the Issuer and its Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under “—*Events of Default*” above (“covenant defeasance”).

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of each of the covenants described under “—*Certain Covenants—Merger and Consolidation—The Issuer*” and “—*Certain Covenants—Merger and Consolidation—Guarantors*”), (4), (5), (with respect only to the Issuer and Significant Subsidiaries), (6), (7) or (8) under “—*Events of Default*” above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the “defeasance trust”) with the Trustee (or such entity designated by the Trustee for this purpose) cash in euros or



euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity and must comply with certain other conditions, including delivery to the Trustee of:

- (1) an Opinion of Counsel in the United States to the effect that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);
- (2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;
- (3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;
- (4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and
- (5) all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

### **Satisfaction and Discharge**

The Indenture, and the rights of the Trustee and the Holders under the Security Document will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or such entity designated by the Trustee for this purpose), euros or euro-denominated European Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

### **No Personal Liability of Directors, Officers, Employees and Shareholders**

No director, officer, employee, incorporator or shareholder of the Issuer or any of its Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

### **Concerning the Trustee and Certain Agents**

Deutsche Trustee Company Limited is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise

such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

## **Notices**

All notices to Holders of Notes will be validly given if mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, notices with respect to the Notes will be published in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered to Euroclear and Clearstream, each of which will give such notices to the holders of Book-Entry Interests. Such notices may also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

## **Prescription**

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed five years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed three years after the applicable due date for payment of interest.

## **Currency Indemnity and Calculation of CHF-Denominated Restrictions**

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors under or in connection with the Notes and the Notes Guarantees, as the case may be, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro

amount, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Notes Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any CHF-denominated restriction herein, the CHF Equivalent amount for purposes hereof that is denominated in a non-CHF currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-CHF amount is Incurred or made, as the case may be.

### **Enforceability of Judgments**

Since substantially all the assets of the Issuer are held by Subsidiaries located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Notes Guarantees, may not be collectable within the United States. In addition, judgments obtained in the United States may not be enforceable in Switzerland and other countries.

### **Consent to Jurisdiction and Service**

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Notes Guarantees, the Issuer and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

### **Governing Law**

The Indenture and the Notes, including any Notes Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York.

### **Certain Definitions**

*"Acquired Indebtedness"* means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

*"Additional Assets"* means:

- (1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Issuer, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);
- (2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Issuer or a Restricted Subsidiary of the Issuer; or

- (3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Issuer.

“*Affiliate*” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Agreed Security Principles*” means the Agreed Security Principles as set out in an annex to the Revolving Credit Facility as in effect on the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

“*Applicable Premium*” means, with respect to any Note, the greater of:

(A) 1% of the principal amount of such Note; and

(B) on any redemption date, the excess (to the extent positive) of:

- (a) the present value at such redemption date of (i) the redemption price of such Note at May 1, 2018 (such redemption price (expressed in percentage of principal amount) being set forth in the table under “—*Optional Redemption*” (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of such Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

“*Asset Disposition*” means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors’ qualifying shares), property or other assets (each referred to for the purposes of this definition as a “disposition”) by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

- (1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;
- (2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (3) a disposition of inventory, consumer equipment, trading stock, communications capacity or other assets in the ordinary course of business;
- (4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;
- (5) transactions permitted under “—*Certain Covenants—Merger and Consolidation—The Issuer*” or a transaction that constitutes a Change of Control;
- (6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Issuer;
- (7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Issuer) of less than CHF 40.0 million or, if greater, 1.6% of Total Assets;
- (8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under “—*Certain Covenants—Limitation on Restricted Payments*” and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*,” asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;
- (9) dispositions in connection with Permitted Liens;

- (10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;
- (12) foreclosure, condemnation or any similar action with respect to any property or other assets;
- (13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;
- (14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;
- (15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;
- (16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided, however*, that the Board of Directors of the Issuer shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); *provided, further*, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (17), does not exceed CHF 50.0 million or, if greater, 2.0% of Total Assets;
- (18) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture; and
- (19) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business.

“Associate” means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

“Board of Directors” means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. For the purposes of the definition of Change of Control only, Board of Directors of the Issuer shall mean the Issuer’s supervisory board or its managing board. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

“Bund Rate” means, with respect to any redemption date, the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to May 1, 2018; *provided, however*, that if the period from the redemption date to May 1, 2018 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to May 1, 2018 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.



“*Business Day*” means each day that is not a Saturday, Sunday or other day on which banking institutions in Zurich, Switzerland, Luxembourg, London, United Kingdom, or New York, United States are authorized or required by law to close; *provided, however*, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (“TARGET”) payment system is open for the settlement of payments.

“*Capital Stock*” of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“*Capitalized Lease Obligations*” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“*Cash Equivalents*” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;
- (2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers’ acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender or by any bank or trust company (a) whose commercial paper is rated at least “A-1” or the equivalent thereof by S&P or at least “P-1” or the equivalent thereof by Moody’s (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €500 million;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;
- (4) commercial paper rated at the time of acquisition thereof at least “A-2” or the equivalent thereof by S&P or “P-2” or the equivalent thereof by Moody’s or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;
- (5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody’s or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;
- (6) Indebtedness or preferred stock issued by Persons with a rating of “BBB-” or higher from S&P or “Baa3” or higher from Moody’s (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;
- (7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above;
- (9) for purposes of clause (2) of the definition of “Asset Disposition,” the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date; and

- (10) other instruments customarily utilized for high quality investments that can be readily monetized without material risk of loss in the good faith judgment of a responsible financial or accounting officer of the Issuer or any of its Restricted Subsidiaries.

“*Change of Control*” means:

- (1) the Issuer becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, provided that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the “beneficial owner” (as so defined) shall not be included in any Voting Stock of which any such person or group is the “beneficial owner” (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;
- (2) following the Initial Public Offering of the Issuer or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Issuer or any Parent (together with any new directors whose election by the majority of such directors on such Board of Directors of the Issuer or any Parent or whose nomination for election by shareholders of the Issuer or any Parent, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of the Issuer or any Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Issuer or any Parent, then in office; or
- (3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders;

*provided that*, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

“*CHF Equivalent*” means, with respect to any monetary amount in a currency other than CHF, at any time of determination thereof by the Issuer or the Trustee, the amount of CHF obtained by converting such currency other than CHF involved in such computation into CHF at the spot rate for the purchase of CHF with the applicable currency other than CHF as published in The Financial Times in the “Currency Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Issuer) on the date of such determination.

“*Clearstream*” means Clearstream Banking, a société anonyme as currently in effect or any successor securities clearing agency.

“*Code*” means the United States Internal Revenue Code of 1986, as amended.

“*Commodity Hedging Agreements*” means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

“*Consolidated EBITDA*” for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense and Receivables Fees;
- (2) Consolidated Income Taxes;
- (3) consolidated depreciation expense;
- (4) consolidated amortization or impairment expense;
- (5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals

comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful) in each case, as determined in good faith by an Officer of the Issuer;

- (6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period;
- (7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” and any brand or management fees or charges paid or to be paid to France Telecom and/or its Affiliates; and
- (8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Issuer as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

“*Consolidated Income Taxes*” means taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

“*Consolidated Interest Expense*” means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

- (1) interest expense attributable to Capitalized Lease Obligations;
- (2) amortization of debt discount, debt issuance cost and premium;
- (3) non-cash interest expense;
- (4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;
- (5) costs associated with Hedging Obligations;
- (6) dividends on other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer;
- (7) the consolidated interest expense that was capitalized during such period; and
- (8) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person.

“*Consolidated Net Income*” means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

- (1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer’s equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been

distributed, as reasonably determined by an Officer of the Issuer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

- (2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*,” any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer or a Guarantor by operation of the terms of such Restricted Subsidiary’s charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, and (c) restrictions specified in clause (11) (i) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*,” except that the Issuer’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 Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);
- (3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);
- (4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, expense or charge (including for the avoidance of doubt, (i) in respect of any rebranding of the business (or any part thereof), acquisition costs, disposition costs, business optimization costs, information technology implementation or development costs; (ii) any separation of the business from the seller and/or its Affiliates (including any working capital impact); (iii) any spectrum related or similar fees; and/or (iv) any tax referable to any payments, dividends or other distributions made or declared intra-group) or any charges or reserves in respect of any restructuring, relocation, refinancing, redundancy or severance expense or other similar post-employment arrangements, signing, retention or completion bonuses, or other costs related to the Transactions, in each case, as determined in good faith by the Issuer;
- (5) the cumulative effect of a change in accounting principles;
- (6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;
- (7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;
- (8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;
- (9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;
- (10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;
- (11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such

adjustments pushed down to the Issuer and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

- (12) any goodwill or other intangible asset impairment charge, amortization or write-off;
- (13) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and
- (14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

“*Consolidated Net Leverage*” means the sum, without duplication of, (i) the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”) on a consolidated basis less (ii) cash and Cash Equivalents of the Issuer and its Restricted Subsidiaries on a consolidated basis.

“*Consolidated Net Leverage Ratio*” means, as of any date of determination, the ratio of (x) Consolidated Net Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available; *provided, however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

- (1) since the beginning of such period the Issuer or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a “Sale”) or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes “discontinued operations” in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;
- (2) since the beginning of such period, the Issuer or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a “Purchase”), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period;
- (3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Issuer or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Issuer or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period; and
- (4) since the beginning of such period, a transfer of shares of, or other transaction has occurred or is contractually committed with respect to, the Issuer or any Restricted Subsidiary, that constitutes an event that is contemplated by the definition of “*Specified Change of Control Event*” (any such transaction, a “Specified Change of Control Transaction”), and solely for the purposes of making the determination pursuant to the definition of “*Specified Change of Control Event*,” Consolidated EBITDA for such period shall be calculated after giving *pro forma* effect thereto (including any cost savings and synergies that can reasonably expected to be obtained from cooperation and other arrangements associated with the Specified Change of Control Transaction) as if such Specified Change of Control Transaction (including such cost savings and synergies associated with the Specified Change of Control Transaction) had occurred on the first day of such period; *provided* that any determination made pursuant to the definition of “*Consolidated Net Leverage Ratio*” shall also give effect to any payments required under the relevant acquisition or similar business combination agreement with respect to such Specified Change of Control Transaction.



For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) whenever *pro forma* effect is to be given to any transaction or calculation, the *pro forma* calculations will be as determined in good faith by a responsible financial or accounting officer of the Issuer (including without limitation in respect of anticipated expense and cost reductions) including, without limitation, as a result of, or that would result from any actions taken, committed to be taken or with respect to which substantial steps have been taken, including, without limitation, in connection with any cost reduction synergies or cost savings plan or program or in connection with any transaction, investment, acquisition, disposition, restructuring, corporate reorganization or otherwise (regardless of whether these cost savings and cost reduction synergies could then be reflected in *pro forma* financial statements to the extent prepared) and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day of the relevant period.

“*Consolidated Secured Net Leverage Ratio*” means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Secured Indebtedness.

“*Contingent Obligations*” means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness (“primary obligations”) of any other Person (the “primary obligor”), including any obligation of such Person, whether or not contingent:

- (1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;
- (2) to advance or supply funds:
  - (a) for the purchase or payment of any such primary obligation; or
  - (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or
- (3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

“*Credit Facility*” means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“*Currency Agreement*” means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

“*Default*” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“*Designated Non-Cash Consideration*” means the fair market value (as determined in good faith by the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s

Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“*Designated Preference Shares*” means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as “Designated Preference Shares” pursuant to an Officer’s Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Restricted Payments.*”

“*Disinterested Director*” means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Issuer having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Issuer shall be deemed not to have such a financial interest by reason of such member’s holding Capital Stock of the Issuer or any Parent or any options, warrants or other rights in respect of such Capital Stock.

“*Disqualified Stock*” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Issuer or a Restricted Subsidiary); or
- (3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided, however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Issuer to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under “—*Certain Covenants—Limitation on Restricted Payments.*”

“*Equity Offering*” means (x) a sale of Capital Stock of the Issuer (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Issuer or any of its Restricted Subsidiaries.

“*Escrowed Proceeds*” means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term “Escrowed Proceeds” shall include any interest earned on the amounts held in escrow.

“*euro*” means the official currency of the European Union and, to the extent such currency ceases to exist, an equivalent amount of Swiss francs as mandated by the Swiss Central Bank with respect to the Notes.

“*Euroclear*” means Euroclear Bank SA/NV, or any successor securities clearing agency.

“*European Government Obligations*” means any security that is (1) a direct obligation of Belgium, the Netherlands, France, Germany or any Permissible Jurisdiction, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or

instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

“*European Union*” means all members of the European Union as of January 1, 2004.

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“*Excluded Contribution*” means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer’s Certificate of the Issuer.

“*fair market value*” may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“*Governmental Authority*” means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

“*Guarantee*” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

- (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

*provided, however*, that the term “Guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“*Guarantor*” means any Restricted Subsidiary that Guarantees the Notes.

“*Hedging Obligations*” of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a “Hedging Agreement”).

“*Holder*” means each Person in whose name the Notes are registered on the Registrar’s books, which shall initially be the respective nominee of Clearstream and Euroclear.

“*IFRS*” means International Financial Reporting Standards (formerly International Accounting Standards) (“IFRS”) endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date the Issuer may make an irrevocable election to establish that “IFRS” shall mean IFRS as in effect on a date that is on or prior to the date of such election.

“*Incur*” means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided, however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms “Incurred,” “Incurring” and “Incurrence” have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be “Incurred” at the time any funds are borrowed thereunder.

“*Indebtedness*” means, with respect to any Person on any date of determination (without duplication):

- (1) the principal of indebtedness of such Person for borrowed money;
- (2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

- (3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;
- (4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;
- (5) Capitalized Lease Obligations of such Person;
- (6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);
- (7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Issuer) and (b) the amount of such Indebtedness of such other Persons;
- (8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and
- (9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, any asset retirement obligations, any prepayments of deposits received from clients or customers in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business. For the avoidance of doubt and notwithstanding the above, the term "Indebtedness" excludes any accrued expenses, trade payables and amounts payable in respect of Operating IRUs.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

- (i) Contingent Obligations Incurred in the ordinary course of business and obligations under or in respect of Qualified Receivables Financings;
- (ii) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or
- (iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

“*Independent Financial Advisor*” means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Issuer.

“*Initial Public Offering*” means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the “IPO Entity”) following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

“*Intercreditor Agreement*” means the Intercreditor Agreement dated January 30, 2012, among, *inter alios*, the lenders and agent under the Revolving Credit Facility as well as certain hedging counterparties, as amended on February 3, 2012, February 21, 2012, September 11, 2012, February 23, 2015, and as amended and restated on the Issue Date, and as further amended from time to time, and to which the Trustee will accede on the Issue Date.

“*Interest Rate Agreement*” means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

“*Investment*” means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of “—*Certain Covenants—Limitation on Restricted Payments*”:

- (1) “Investment” will include the portion (proportionate to the Issuer’s equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Issuer will be deemed to continue to have a permanent “Investment” in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Issuer’s “Investment” in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Issuer’s equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Issuer in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and
- (2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer’s option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

“*Investment Grade Securities*” means:

- (1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);
- (2) securities issued or directly and fully Guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or any agency or instrumentality thereof (other than Cash Equivalents);



- (3) debt securities or debt instruments with a rating of “A-” or higher from S&P or “A3” or higher by Moody’s or the equivalent of such rating by such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and
- (4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

“*Investment Grade Status*” shall occur when the Notes receive both of the following:

- (1) a rating of “BBB-” or higher from S&P; and
- (2) a rating of “Baa3” or higher from Moody’s;

or the equivalent of such rating by either such rating organization or, if no rating of Moody’s or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Rating Organization.

“*IPO Market Capitalization*” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

“*Issue Date*” means April 23, 2015.

“*Lien*” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

“*Management Advances*” means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

- (1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person’s purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors of the Issuer;
- (2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or
- (3) not exceeding CHF 10 million in the aggregate outstanding at any time.

“*Management Investors*” means the officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

“*Market Capitalization*” means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

“*Matterhorn Group*” means Matterhorn Mobile Holdings S.A. together with its subsidiaries.

“*Moody’s*” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“*Nationally Recognized Statistical Rating Organization*” means a nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

“*Net Available Cash*” from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring

person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

- (1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;
- (2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;
- (3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and
- (4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

*“Net Cash Proceeds,”* with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

*“NJJ Acquisition”* means the acquisition of Matterhorn Financing & Cy S.C.A. pursuant to the NJJ Acquisition Agreement.

*“NJJ Acquisition Agreement”* means the share purchase agreement, dated as of December 18, 2014, by and among Matterhorn Topco & Cy S.C.A., Matterhorn S.à r.l. and NJJ Capital SAS.

*“Note Documents”* means the Notes (including Additional Notes), the Indenture and the Security Documents.

*“Offering Memorandum”* means this offering memorandum in relation to the Notes.

*“Officer”* means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an “Officer” for the purposes of the Indenture by the Board of Directors of such Person.

*“Officer’s Certificate”* means, with respect to any Person, a certificate signed by one Officer of such Person.

*“Operating IRU”* means an indefeasible right of use of, or operating lease or payable for lit or unlit fiber optic cable or telecommunications conduit or the use of either thereof for a period constituting all or substantially all of the expected useful life thereof.

*“Opinion of Counsel”* means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

*“Orange”* means Orange Communications SA.

*“Orange Group”* means Orange together with its subsidiaries.

*“Parent”* means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

*“Parent Expenses”* means:

- (1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

- (2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;
- (3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;
- (4) fees and expenses payable by any Parent in connection with the Transactions;
- (5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent;
- (6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed CHF 5.0 million in any fiscal year; and
- (7) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:
  - (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;
  - (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or
  - (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

“*Pari Passu Indebtedness*” means Indebtedness of the Issuer or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment to the Notes or the Notes Guarantees, as the case may be.

“*Paying Agent*” means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

“*Permissible Jurisdiction*” means any member state of the European Union.

“*Permitted Asset Swap*” means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Issuer or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*”

“*Permitted Business*” means the business, operations or activities that are similar in nature to the business, operations or activities that of the Issuer or any of its Restricted Subsidiaries are engaged in as of the date of the Indenture (without any regard to subsequent amendments of the Indenture) or any other businesses, operations or activities in the broader telecommunications industry; provided that such person has engaged in substantial businesses, operations or activities in the telecommunications industry for at least twelve months prior to the date of the Specified Change of Control Event.

“*Permitted Collateral Liens*” means (x) Liens on the Collateral (i) arising by operation of law that are described in one or more of clauses (3), (4) and (9) 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 Liens in the Collateral or (ii) that are Liens in secured accounts equally and ratably granted to cash management banks securing cash management obligations, (y) Liens on the Collateral to secure Indebtedness of the Issuer or a Restricted Subsidiary that is permitted to be Incurred under clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a) and (c) (if the original Indebtedness was so secured), (5)(i) (covering only the shares and assets of the acquired Person the Indebtedness of which is so secured), (5)(ii) (but only if after giving effect to such Incurrence on that date, the Consolidated Secured Net Leverage Ratio is either (a) less than 3.75 to 1.0 or (b) not greater than prior to such Incurrence), (6), (11) or (12) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” and any Refinancing Indebtedness in respect of such

Indebtedness; *provided, however*, that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement and (z) Liens on the Collateral securing that, in the case of this clause (z), after giving effect to such incurrence on that date, the Consolidated Secured Net Leverage Ratio is less than 3.75 to 1.0; *provided, further, however*, that in the case of (y) and (z), such Lien (or the right to receive proceeds pursuant to the Intercreditor Agreement) ranks (a) equal to all other Liens on such Collateral securing Senior Indebtedness of the Issuer (other than the Notes) or such Guarantor, as applicable, if such Indebtedness is Senior Indebtedness of the Issuer or such Guarantor, as applicable (except that Indebtedness under a Priority Revolving Facility and Hedging Obligations may rank in priority to other Senior Indebtedness with respect to the distribution of any proceeds received upon enforcement of such Lien) or (b) equal to or junior to the Liens securing the Notes.

“*Permitted Holders*” means, collectively, (1) the Principal; (2) any Related Person of the Principal; and (3) any Person who is acting as an underwriter in connection with any public or private offering of Capital Stock of the Issuer or any parent company of the Issuer. 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 Investment*” means (in each case, by the Issuer or any of its Restricted Subsidiaries):

- (1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;
- (2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;
- (3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;
- (4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;
- (5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;
- (6) Management Advances;
- (7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;
- (8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition (but excluding a Permitted Asset Swap), in each case, that was made in compliance with “—*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*”;
- (9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date;
- (10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with “—*Certain Covenants—Limitation on Indebtedness*”;
- (11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of CHF 100.0 million and 4.1% of Total Assets; *provided that*, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—*Certain Covenants—Limitation on Restricted Payments*,” such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of “Permitted Investments” and not this clause;

- (12) Investments in joint ventures and similar entities and Unrestricted Subsidiaries having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause that are at the time outstanding, not to exceed the greater of CHF 120.0 million and 4.9% of Total Assets at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);
- (13) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “—*Certain Covenants—Limitation on Liens*”;
- (14) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock) or Capital Stock of any Parent as consideration;
- (15) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Affiliate Transactions*” (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);
- (16) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;
- (17) guarantees, keepwells and similar arrangements not prohibited by the covenant described under “—*Certain Covenants—Limitation on Indebtedness*”; and
- (18) Investments in the Notes.

“*Permitted Liens*” means, with respect to any Person:

- (1) Liens on assets or property of a Restricted Subsidiary securing any Senior Indebtedness of the Senior Secured Notes Issuer, any Indebtedness of a Restricted Subsidiary of the Senior Secured Notes Issuer, or a Guarantee of any such Indebtedness by the Issuer;
- (2) pledges, deposits or Liens under workmen’s compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;
- (3) Liens imposed by law, including carriers’, warehousemen’s, mechanics’, landlords’, materialmen’s and repairmen’s or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;
- (4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;
- (5) Liens in favor of the Issuer of surety, performance or other bonds, guarantees or letters of credit or bankers’ acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;
- (6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;
- (7) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;



- (8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;
- (9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;
- (11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;
- (13) Liens existing on the Issue Date, excluding Liens securing the Revolving Credit Facility, the Senior Secured Notes and the Notes and, with respect to the assets of or capital stock of the Orange Group, Liens existing on the Issue Date;
- (14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided, however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided, further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;
- (15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of the Issuer or such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;
- (16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;
- (17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;
- (18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;
- (19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

- (21) Liens on cash accounts securing Indebtedness incurred under clause (11) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” with local financial institutions;
- (22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;
- (23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling arrangements;
- (24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (25) Liens Incurred in the ordinary course of business with respect to obligations which do not exceed the greater of CHF 60.0 million and 2.5% of Total Assets at any one time outstanding;
- (26) Permitted Collateral Liens;
- (27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;
- (28) any security granted over the marketable securities portfolio described in clause (9) of the definition of “Cash Equivalents” in connection with the disposal thereof to a third party;
- (29) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing; and
- (30) Liens on Indebtedness permitted to be Incurred pursuant to clause (15) of the second paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*.”

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“*Preferred Stock*,” as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“*Principal*” means Xavier Niel.

“*Public Debt*” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

“*Public Market*” means any time after:

- (1) an Equity Offering has been consummated; and
- (2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of CHF 100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

“*Public Offering*” means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

“*Purchase Money Obligations*” means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

*“Qualified Receivables Financing”* means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

*“Receivables Assets”* means any assets that are or will be the subject of a Qualified Receivables Financing.

*“Receivables Fees”* means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

*“Receivables Financing”* means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

*“Receivables Repurchase Obligation”* means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

*“Receivables Subsidiary”* means a Wholly Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

- (1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;
- (2) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

- (3) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and
- (3) if the Indebtedness being refinanced is expressly subordinated to the Notes or the Notes Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Notes Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

*provided, however*, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder means:

- (1) any controlling equityholder or Subsidiary of such Person; or
- (2) in the case of an individual, any spouse, civil union or similar partner, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, civil union or similar partner, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or
- (4) in the case of the Principal any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means

- (1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on

payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

- (a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);
  - (b) issuing or holding Subordinated Shareholder Funding;
  - (c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;
  - (d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or
  - (e) having made any payment in respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*Certain Covenants—Limitation on Restricted Payments*"; or
- (2) if and for so long as the Issuer is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Issuer and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Issuer and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Issuer and its Subsidiaries.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*Revolving Credit Facility*" means the super senior revolving credit facility agreement dated February 23, 2015, among Matterhorn Mobile Holdings S.A., certain of the Issuer's Subsidiaries, as borrowers and guarantors, the senior lenders (as named therein), and Société Générale, as facility agent and security agent, as further amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien on a basis *pari passu* with or senior to the security in favor of the Senior Secured Notes.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means the Intercreditor Agreement and each collateral pledge agreement, security assignment agreement or other document under which collateral is pledged to secure the Notes.

"*Senior Indebtedness*" means, whether outstanding on the Issue Date or thereafter Incurred, all amounts payable by, under or in respect of all other Indebtedness of the Issuer or any Guarantor, including premiums and accrued and unpaid interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or such Guarantor at the rate specified in the documentation with respect thereto whether or not a claim for post filing interest is allowed in such proceeding) and fees relating thereto; *provided, however*, that Senior Indebtedness will not include:

- (1) any obligation of any Guarantor to the Issuer or any Restricted Subsidiary;
- (2) any liability for taxes owed or owing by the Issuer or any Restricted Subsidiary;
- (3) any Indebtedness, guarantee or obligation of any Guarantor that is expressly subordinate or junior in right of payment to any other Indebtedness, guarantee or obligation of such Guarantor;
- (4) any Indebtedness under the Notes or obligations that are similarly ranked pursuant to the Intercreditor Agreement; or
- (5) any Capital Stock.



“*Senior Management*” means the officers, directors, and other members of senior management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent and with an equity investment in excess of CHF 250,000.

“*Significant Subsidiary*” means any Restricted Subsidiary that meets any of the following conditions:

- (1) the Issuer’s and its Restricted Subsidiaries’ investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;
- (2) the Issuer’s and its Restricted Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or
- (3) the Issuer’s and its Restricted Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

“*Similar Business*” means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date, (b) the telecommunications business, including the distribution, sale and for provision of mobile voice and data, fixed-line voice and internet services, transit voice traffic services, and other services in relation thereto and (c) any businesses, services and activities engaged in by the Issuer or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“*Specified Change of Control Event*” means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; provided that the Issuer or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken together are merged, consolidated, amalgamated, or otherwise combined with, or acquired by, through any legal form or structure of such transaction or combination whatsoever, another person engaged in a Permitted Business; provided further that the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would have been less than 4.5 to 1.0, after giving pro forma effect to such event. Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted.

“*Standard Securitization Undertakings*” means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

“*Stated Maturity*” means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Indebtedness*” means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or its Notes Guarantees pursuant to a written agreement.

“*Subordinated Shareholder Funding*” means, collectively, any funds provided to the Issuer by a Parent in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

- (1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and
- (5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

“*Subsidiary*” means, with respect to any Person:

- (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or
- (2) any partnership, joint venture, limited liability company or similar entity of which:
  - (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and
  - (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“*Successor Parent*” with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, “beneficially owned” (as defined below) by one or more Persons that “beneficially owned” (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, “beneficially own” has the meaning correlative to the term “beneficial owner,” as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

“*Tax Sharing Agreement*” means any tax sharing or profit and loss pooling or similar agreement with customary or arm’s-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

“*Taxes*” means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

“*Temporary Cash Investments*” means any of the following:

- (1) any investment in:
  - (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or
  - (b) direct obligations of any country recognized by the United States of America rated at least “A” by S&P or “A-1” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers’ acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

- (a) any lender under the Revolving Credit Facility;
- (b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or
- (c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least “A” by S&P or “A-2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;
- (4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of “P-2” (or higher) according to Moody’s or “A-2” (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least “BBB” by S&P or “Baa3” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);
- (6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);
- (7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least “A” by S&P or “A2” by Moody’s (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody’s then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;
- (8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and
- (9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

“*Total Assets*” means the consolidated total assets of the Issuer and its Restricted Subsidiaries in accordance with IFRS as shown on the most recent balance sheet of such Person, excluding the effect of any purchase price accounting or adjustments to goodwill as a result of the NJJ Acquisition.

“*Transactions*” means the issuance of the Notes and the Senior Secured Notes, the amending of the Intercreditor Agreement and the Revolving Credit Facility on or about the Issue Date, the entry into the Security Documents as in effect on the Issue Date, the application of the net proceeds of the offering of the Notes as described in the Offering Memorandum, including the making of the proceeds loan from the Senior Secured Notes Issuer to Matterhorn Mobile and the repayment or discharge of existing indebtedness of the Matterhorn Group, the closing out or replacement of Hedging Obligations pursuant to the foregoing, the making of distributions as described in the Offering Memorandum, the recapitalization of the Matterhorn Group, any transactions within the Matterhorn Group for purposes of affecting any of the foregoing and the payment or incurrence of any fees, expense or charges associated with any of the foregoing.

“*Trust Indenture Act*” means the Trust Indenture Act of 1939, as amended.

“*Uniform Commercial Code*” means the New York Uniform Commercial Code.

“*Unrestricted Subsidiary*” means:

- (1) any Subsidiary of the Issuer that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and
- (2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but not including the Issuer) to be an Unrestricted Subsidiary only if:

- (1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and
- (2) such designation and the Investment of the Issuer in such Subsidiary complies with “—*Certain Covenants—Limitation on Restricted Payments.*”

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer’s Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least CHF 1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under “—*Certain Covenants—Limitation on Indebtedness*” or (y) the Consolidated Net Leverage Ratio of the Issuer and its Restricted Subsidiaries would not be greater than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer’s Certificate certifying that such designation complied with the foregoing provisions.

“*U.S. GAAP*” means generally accepted accounting principles in the United States of America as in effect from time to time.

“*Voting Stock*” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

“*Wholly Owned Subsidiary*” means a Restricted Subsidiary of the Issuer, all of the Voting Stock of which (other than directors’ qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly Owned Subsidiary) is owned by the Issuer or another Wholly Owned Subsidiary.

## **BOOK-ENTRY; DELIVERY AND FORM**

### **General**

CHF Fixed Rate Senior Secured Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “Rule 144A Global CHF Fixed Rate Senior Secured Note”). CHF Fixed Rate Senior Secured Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “Regulation S Global CHF Fixed Rate Senior Secured Note”).

Euro Fixed Rate Senior Secured Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “Rule 144A Global Euro Fixed Rate Senior Secured Note”). Euro Fixed Rate Senior Secured Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “Regulation S Global Euro Fixed Rate Senior Secured Note”).

Floating Rate Senior Secured Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “Rule 144A Global Floating Rate Senior Secured Note”). Floating Rate Senior Secured Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “Regulation S Floating Rate Global Senior Secured Note”).

Senior Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “Rule 144A Global Senior Note” and, collectively, together with the Rule 144A Global CHF Fixed Rate Senior Secured Note, Rule 144A Global Euro Fixed Rate Senior Secured Note and Rule 144A Global Floating Rate Senior Secured Note, the “Rule 144A Global Notes”). Senior Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the “Regulation S Global Senior Note” and, collectively, together with the Regulation S Global CHF Fixed Rate Senior Secured Note, Regulation S Global Euro Fixed Rate Senior Secured Note and Regulation S Global Floating Rate Senior Secured Note, the “Regulation S Global Notes” and, together with the Rule 144A Global Notes, the “Global Notes”). On the Issue Date, the Global Notes will be deposited with a common depository and registered in the name of the nominee of the common depository for the account of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the “Rule 144A Book-Entry Interests”) and ownership of interests in the Regulation S Global Notes (the “Regulation S Book-Entry Interests” and, together with the Rule 144A Book-Entry Interests, the “Book-Entry Interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective 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 in Book-Entry form by Euroclear and Clearstream and their participants. The Book-Entry interests will not be held in definitive form. Instead Euroclear and Clearstream will credit on their Book-Entry transfer and registration systems a participants account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or “holders” of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indentures. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indentures.

None of the Issuers, the Trustee, the Paying Agent, the Registrar or the Transfer Agent 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 each Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes only in the following circumstances:

- (i) if Euroclear or Clearstream notifies the Issuers that it is unwilling or unable to continue to act as depositary or has ceased to be a clearing agency required under the Exchange Act and, in either case, a successor depositary is not appointed by the Issuers within 120 days; or
- (ii) the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indentures and enforcement action is being taken in respect thereof under the Indentures.

Euroclear and Clearstream have advised the Issuers that upon request by an owner of a Book-Entry Interest described in the immediately preceding clause (ii), their current procedure is to request that the Issuers issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or the Issuers, as applicable (in accordance with its respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in “*Transfer Restrictions*” and the Indentures, unless that legend is not required by the Indentures or applicable law.

To the extent permitted by law, the Issuers, the Trustee, the Paying Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the relevant Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Neither Issuer will be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Moreover, the Issuers are not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer or asset sale offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as will be described in the Indentures. Each Issuer may require a holder to pay any transfer taxes and fees required by law and permitted by the relevant Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such a Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of a transfer agent, the relevant Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee’s and such Issuer’s requirements are met. The Issuers or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or the Paying Agent appointed pursuant to the relevant Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuers may charge for any expenses incurred by it in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by an Issuer pursuant to the provisions of the relevant Indenture, such Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the relevant Trustee a written certification (in the form provided in the relevant Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See “*Transfer Restrictions*.”

## Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount

received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). Each Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate, provided, however, that no Book-Entry Interest of less than €100,000 or CHF 150,000 principal amount, as applicable, may be redeemed in part.

### **Payments on Global Notes**

The Issuers 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 custodian or its nominee for Euroclear and Clearstream. The common depositary will distribute such payments to participants in accordance with their customary procedures. The Issuers 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 Indentures, the Issuers, the Trustee, the Paying Agent, the Registrar and the Transfer Agent will treat the registered holders of the Global Notes (e.g., Euroclear or Clearstream (or their respective nominee)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuers, the Trustee, the Paying Agent, the Registrar, the Transfer Agent or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- any other matter relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry interests held through participants are the responsibility of such participant.

### **Currency of Payment for the Global Notes**

The principal of, premium, if any, and interest on, and all other amounts payable in respect of (i) the CHF Fixed Rate Senior Secured Notes will be paid to holders of interests in the CHF Fixed Rate Senior Secured Notes through Euroclear and/or Clearstream in CHF; (ii) the Euro Fixed Rate Senior Secured Notes will be paid to holders of interests in the Euro Fixed Rate Senior Secured Notes through Euroclear and/or Clearstream in euro; (iii) the Floating Rate Senior Secured Notes will be paid to holders of interests in the Floating Rate Senior Secured Notes through Euroclear and/or Clearstream in euro; and (iv) the Senior Notes will be paid to holders of interests in the Senior Notes through Euroclear and/or Clearstream in euro.

### **Action by Owners of Book-Entry Interests**

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of a Note (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream, at the request of the holders of such Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to their participants.

### **Transfers**

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of a Note requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indentures.

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 relevant Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the relevant 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 “*Description of the Senior Notes—Transfer and Exchange*,” and, if required, only if the transferor first delivers to the Trustee or Registrar a written certificate (in the form provided in the relevant Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to the Notes. See “*Transfer Restrictions*.”

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

## **Pledges**

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a Book-Entry Interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited.

## **Information Concerning Euroclear and Clearstream**

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. None of the Issuers, any of the Initial Purchasers, the Trustee, the Paying Agent, the Registrar, the Transfer Agent or any of their respective agents is responsible for those operations or procedures.

Each Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can act only 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 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 systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

### **Special Timing Considerations**

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear or Clearstream on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Euroclear and/or Clearstream on the same business day as in the United States. United States investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Brussels, if Euroclear is used, or in Luxembourg, if Clearstream is used.

### **Global Clearance and Settlement Under the Book-Entry System**

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market of the Luxembourg Stock Exchange. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuers, the Guarantors, the Initial Purchasers, the Trustee, the Paying Agent, the Registrar, the Transfer Agent or any of their respective agents will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### **Initial Settlement**

Initial settlement for the CHF Fixed Rate Senior Secured Notes will be made in Swiss francs and for the Euro Fixed Rate Senior Secured Notes, the Floating Rate Senior Secured Notes and the Senior Notes will be made in euro. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

### **Secondary Market Trading**

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

## TAX

*Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of Notes including without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of Notes or any interest therein.*

### EU Savings Directive

Under Council Directive 2003/48/EC (the “Directive”) on the taxation of savings income, each Member State of the European Union is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entities established in, that other Member State. However, for a transitional period, Austria (unless during such period it elects otherwise) instead operates a withholding system in relation to such payments. Under such a withholding system, the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreements by certain non-EU countries to exchange of information procedures relating to interest and other similar income. Luxembourg elected out of the withholding tax system in favor of an automatic exchange of information under the Savings Directive with effect as from January 1, 2015.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted or agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entities established in, a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those countries and territories in relation to payments made by a person in a Member State to, or secured by such a person for, an individual beneficial owner resident in, or certain limited types of entities established in, one of those countries or territories.

A revised version of the Directive was adopted on March 24, 2014, which, once implemented, will broaden the scope of the rules described above. Investors who are in any doubt as to their position should consult their professional advisers. In addition, on December 9, 2014, the Council of the European Union adopted amendments to the Council Directive 2011/16/EU on administrative cooperation in the field of taxation (“DAC”), which provide for a mandatory automatic exchange of information for additional types of income and account balances. Due to of the overlap between the Directive and the DAC, there is a proposal to repeal the Directive.

If a payment under a Note were to be made by a person in a Member State or another country or territory which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Directive or any law implementing or complying with, or introduced in order to conform to the Directive, none of the Issuers or any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of such Note as a result of the imposition of such withholding tax. Each Issuer is, however, in a case where it is required to maintain a Paying Agent in Luxembourg, also required to use reasonable efforts to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive or any such law.

### Swiss Tax Considerations

The following statements contain an overview of the Swiss tax implications resulting from the Notes. The following statements are based upon Swiss tax laws and administrative practices as currently in force. Modifications of the applicable legal regulations may necessitate a re-evaluation of the tax consequences. The summary below is not a substitute for legal or tax advice sought by interested parties. Prospective investors should seek advice of their tax advisors to clarify any tax implications resulting from an investment in the Notes.

The below summarized tax treatment of the Notes with respect to the Swiss withholding tax in connection with the issuance of the Notes has, in principle, been confirmed by the Swiss Federal Tax Administration. The final tax ruling request is in the process of being confirmed by the Swiss Federal Tax Administration. Although we have no reason to believe that this confirmation will not be received, we cannot assure you that such tax ruling will be obtained. See “*Risk Factors—Risks Related to the Notes and our Structure—The tax treatment of the Notes with respect to Swiss withholding tax is not yet confirmed by the Swiss tax authorities.*”



## **Swiss Income Tax**

**Swiss Resident Private Noteholders:** The Notes will be classified as ordinary Notes in accordance with Circular No 15 issued by the Swiss Federal Tax Administration on 7 February 2007. Therefore, for private noteholders resident in Switzerland who hold the Notes as private assets (*Privatvermögen*), the interest payments are treated as taxable interest and, thus, subject to Swiss federal income and cantonal and municipal income taxes. Capital gains realized on the sale or redemption of the Notes are exempt from Swiss federal income and cantonal and municipal income taxes.

**Swiss Resident Business Noteholders:** Swiss residents who hold the Notes as business assets and foreign residents who hold the Notes through a permanent establishment or a fixed place of business (*Geschäftsvermögen*) are in general taxed according to Swiss statutory accounting principles (*Massgeblichkeitsprinzip*) for purposes of Swiss federal income and cantonal and municipal income taxes. Interest payments are in general part of the taxable business profit. Capital gains realized on the sale or redemption of the Notes are part of their taxable business profit subject to Swiss federal income and cantonal and municipal income taxes. This provision also applies to individuals who qualify as so-called professional securities dealers (*gewerbsmässige Wertschriftenhändler*) for tax purposes.

**Non-Swiss Resident Noteholders:** Noteholders who (i) are not resident in Switzerland and (ii) during the taxable year have not engaged in trade or business through a permanent establishment or a fixed place of business within Switzerland and (iii) are not subject to taxation in Switzerland for any other reason, will not be subject to any Swiss federal, cantonal or municipal income or other taxes on income realized on interest payments received or on capital gains resulting from a sale or redemption of the Notes.

## **Swiss Withholding Tax**

Payments of periodic interest in respect of the Notes by the Issuers will not be subject to Swiss withholding tax (*Verrechnungssteuer*), and the Issuers will not be required to withhold tax at such rate from any payments of interest under the Notes.

On December 12, 2014, the Swiss Federal Council issued draft legislation, which, if enacted, may require a Swiss domestic paying agent ("*inländische Zahlstelle*") to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a note to an individual resident in Switzerland or to a person resident outside of Switzerland. The definition Swiss domestic paying agent includes any person in Switzerland who remits payments of interest to the beneficial owner (*überweisen*), recompenses the beneficial owner interest (*vergüten*) or credits the beneficial owner interest (*gutschreiben*). If this legislation, either in the form issued by the Swiss Federal Council on December 12, 2014 or in a different form, or similar legislation were enacted and a payment in respect of a note were to be made or collected through Switzerland, the Swiss domestic paying agent might be obliged to deduct or withhold from such payment any Swiss withholding tax as defined by such legislation.

## **Stamp Duties**

No Swiss stamp duties will be imposed in connection with the issuance or redemption of the Notes. The transfer of the Notes will be subject to the Swiss Transfer Stamp Duty (*Umsatzabgabe*) if (i) such transfer or sale is made by or through the intermediary of a securities dealer resident in Switzerland or Liechtenstein, as defined in the Swiss Stamp Tax Act (*Bundesgesetz über die Stempelabgaben*), and (ii) no exception applies.

## **Taxes withheld by Switzerland for other countries**

### **European Savings Tax**

On October 26, 2004, the European Community and Switzerland entered into an agreement on the taxation of savings income pursuant to which Switzerland will adopt measures equivalent to those of the European Directive 2003/48/EC of June 3, 2003 on the taxation of savings income in the form of interest and similar payments. The agreement came into force as of July 1, 2005.

In accordance with this agreement under Swiss law, Swiss paying agents have to withhold tax at a rate of 35% on interest payments made under the Notes to a beneficial owner who is an individual and resident of an EU Member State, with the option of the individual to have the paying agent and Switzerland provide to the tax authorities of the EU Member State the details of the interest payments in lieu of the withholding. Such report will substitute the tax retention.

## *Foreign Final Withholding Tax*

The Swiss Federal Council signed treaties with the United Kingdom and Austria providing, inter alia, for a final withholding tax. The treaties entered into force on January 1, 2013.

According to the treaties, a Swiss paying agent may levy a final withholding tax on capital gains and on certain income items deriving, inter alia, from Notes. The final withholding tax will replace the ordinary income tax due by an individual resident of a contracting state on such gains and income items. The final tax rate is 25% under the agreement with Austria and, depending on the category of income, between 27% and 48% under the agreement with the United Kingdom. Both agreements on final withholding taxes provide for a carve-out for interest payments to the extent such interest payments are subject to the EU Savings Tax Directive for Swiss paying agents. In lieu of the final withholding, individuals may opt for a voluntary disclosure of the relevant capital gains and income items to the tax authorities of their state of residency.

Holders of the Notes who might be within the scope of the above mentioned treaties should consult their own tax advisor as to the tax consequences relating to their particular circumstances.

## **Luxembourg Tax Considerations**

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisors as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. In addition, any reference to a tax, duty, levy, impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*impôt de solidarité*) as well as personal income tax (*impôt sur le revenu*) and a temporary budget balancing tax (*impôt d'équilibre budgétaire temporaire*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

## ***Taxation of the Holders of the Notes***

### ***Withholding Tax***

Under Luxembourg general tax laws currently in force and subject to certain exceptions (as described below), there is no withholding tax on payments of interest (including accrued but unpaid interest).

In accordance with the law of 25 November 2014, Luxembourg elected out of the withholding tax system in favor of an automatic exchange of information under the Council Directive 2003/48/EC on the taxation of savings income from January 1, 2015. Payments of interest by Luxembourg paying agents to non-resident individual noteholders and to certain residual entities are thus no longer subject to any Luxembourg withholding tax.

In accordance with the law of 23 December 2005, as amended, (the “2005 Law”) interest payments made by Luxembourg paying agents to Luxembourg individual residents and to certain residual entities are subject to a 10% withholding tax. 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 or her private wealth. Responsibility for withholding such tax will be assumed by the Luxembourg paying agent.

### ***Income Taxation***

#### ***Non-resident holders of Notes***

A non-resident holder of Notes, not having a permanent establishment or permanent representative in Luxembourg to which such Notes are attributable, is not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realized by such non-resident

holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

A non-resident corporate holder of Notes or an individual holder of Notes acting in the course of the management of a professional or business undertaking, who has a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes and on any gains realized upon the sale or disposal, in any form whatsoever, of the Notes.

#### *Resident holders of Notes*

A resident corporate holder of Notes must include any interest accrued or received, any redemption premium or issue discount, as well as any gain realized on the sale or disposal, in any form whatsoever, of the Notes, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual holder of Notes, acting in the course of the management of a professional or business undertaking.

A resident holder of Notes that is governed by the law of 11 May 2007 on family estate management companies, or by the law of 17 December 2010 on undertakings for collective investment, or by the law of 13 February 2007 on specialized investment funds, is neither subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, nor on gains realized on the sale or disposal, in any form whatsoever, of the Notes.

A resident individual holder of Notes, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the 2005 Law, or (ii) the individual holder of the Notes has opted for the application of a 10% tax in full discharge of income tax in accordance with the 2005 Law, which applies if a payment of interest has been made or ascribed by a paying agent established in an EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than an EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Council Directive 2003/48/EC of 3 June 2003. A gain realized by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income or assimilated thereto (e.g., issue discount, redemption premium, etc.) is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the 2005 Law.

#### *Net Wealth Taxation*

A corporate holder of Notes, whether it is resident of Luxembourg for tax purposes or, if not, if it maintains a permanent establishment or a permanent representative in Luxembourg to which such Notes are attributable, is subject to Luxembourg wealth tax on such Notes, except if the holder of Notes is governed by the law of 11 May 2007 on family estate management companies, or by the law of 17 December 2010 on undertakings for collective investment, or by the law of 13 February 2007 on specialized investment funds, or is a securitization company governed by the law of 22 March 2004 on securitization, or is a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended.

An individual holder of Notes, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

#### *Other Taxes*

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the Holders as a consequence of the issuance or the transfer of the Notes. In the case of court proceedings in a Luxembourg court or in case of voluntary presentation of these Notes—either directly or by way of reference—to any official authority (“*autorité constituée*”) in Luxembourg, such Luxembourg court or *autorité constituée* may require registration of the Notes with the Administration de l’Enregistrement et des Domaines in Luxembourg, which may result in registration duties at a fixed rate and in minor stamp duties, becoming due and payable if and at the time when the Notes are registered with the Administration de l’Enregistrement et des Domaines in Luxembourg. Should other documents be registered along with the Notes, an *ad valorem* rate could be applied, depending on the nature of the registered document.

Where a holder of Notes is a resident of Luxembourg for tax purposes at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax assessment purposes.

Gift tax may be due on a gift or donation of Notes if embodied in a Luxembourg deed or recorded in Luxembourg.

### **Certain U.S. Federal Income Tax Considerations**

The following discussion summarizes certain U.S. federal income tax considerations that may be relevant to you if you invest in Notes and are a U.S. holder. For purposes of this discussion, a “U.S. holder” is a beneficial owner that is, for purposes of U.S. federal income taxation, (i) an individual who is a citizen or resident alien of the United States, (ii) a corporation (or other business 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) a trust (a) that is subject to the control of a U.S. person and the primary supervision of a U.S. court or (b) which has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person, or (iv) an estate, the income of which is subject to U.S. federal income taxation regardless of its source. This summary deals only with U.S. holders that purchase the Notes in their initial issuance and hold Notes as capital assets. It does not address considerations that may be relevant to you if you are an investor that is subject to special tax rules, such as a bank, thrift, real estate investment trust, regulated investment company, partnership or partner therein, insurance company, dealer in securities or currencies, trader in securities or commodities that elects mark-to-market treatment, person subject to the alternative minimum tax or Medicare tax on net investment income, person that will hold Notes as a hedge against currency risk or as a position in a “straddle” or conversion transaction, tax-exempt organization or a person whose “functional currency” is not the U.S. dollar.

This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our Notes, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our Notes, you should consult your tax advisors.

You should consult your tax advisors about the tax consequences of holding Notes, including the relevance to your particular situation of the considerations discussed below, as well as the relevance to your particular situation of state, local or other tax laws.

### **Payments or Accruals of Stated Interest**

The Notes will not be issued with more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes. Accordingly, payments of stated interest, any Additional Amounts, and any tax withheld from such payments on a Note will be taxable to you as ordinary income at the time that such payments are accrued or are received (in accordance with your method of tax accounting).

If you use the cash method of tax accounting and receive a payment of interest in a currency other than U.S. dollars (a “foreign currency”), the amount of interest income you will realize is the U.S. dollar value of the foreign currency payment translated at the spot rate of exchange in effect on the date you receive the payment, regardless of whether you convert the payment into U.S. dollars. If you are an accrual-basis U.S. holder, the amount of interest income you will realize will be based on the average exchange rate in effect during the interest accrual period (or with respect to an interest accrual period that spans two taxable years, at the average exchange rate for the partial period within the taxable year). Alternatively, if you are an accrual-basis U.S. holder, you may elect to translate all interest income on such Notes at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year, in the case of an accrual period that spans more than one taxable year) or on the date that you receive the interest payment if that date is within five business days of the end of the accrual period. If you make this election, you must apply it consistently to all debt instruments from year to year and you cannot change the election without the consent of the U.S. Internal Revenue Service (the “IRS”). If you use the accrual method of accounting for tax purposes, you will recognize foreign currency gain or loss on the receipt of a foreign currency interest payment if the spot rate of exchange on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will constitute ordinary income or loss and generally will be treated as U.S. source income or loss, but generally will not be treated as an adjustment to interest income received on the Note.

Interest on a Note (including Additional Amounts) generally will constitute foreign source income and generally will be considered “passive category income” in computing the foreign tax credit allowable to U.S. holders under U.S. federal income tax laws. The rules relating to foreign tax credits and the timing thereof are

complex. You should consult your own tax advisors regarding the application of the foreign tax credit rules to your investment in, and disposition of, the Notes.

### **Sale, Exchange, Redemption, Retirement or other Taxable Disposition of Notes**

Your tax basis in a Note generally will equal the cost of such Note to you. The cost to you of a Note will be the U.S. dollar value of the foreign currency purchase price on the date of purchase calculated at the spot rate of exchange on that date. If the Notes are traded on an established securities market and you are a cash-basis taxpayer (or if you are an accrual-basis taxpayer that makes a special election), you will determine the U.S. dollar value of the cost of the Notes by translating the amount of the foreign currency that you paid for the Notes at the spot rate of exchange on the settlement date of your purchase. If you convert U.S. dollars into a foreign currency and then immediately use that foreign currency to purchase a Note, you generally will not have any taxable gain or loss as a result of the conversion or purchase.

Upon the sale, exchange or retirement of a Note, you generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued but unpaid qualified stated interest, which will be taxable as such) and your tax basis in such Note. If you sell or exchange a Note for a foreign currency, or receive foreign currency on the retirement of a Note, the amount you will realize for U.S. tax purposes generally will be the dollar value of the foreign currency that you receive calculated at the spot rate of exchange on the date the foreign currency Note is disposed of or retired. If you dispose of a Note that is traded on an established securities market and you are a cash-basis U.S. holder (or if you are an accrual-basis holder that makes a special election), you will determine the U.S. dollar value of the amount realized by translating the amount at the spot rate of exchange on the settlement date of the sale, exchange or retirement.

The special election available to you if you are an accrual-basis taxpayer in respect of the purchase and sale of Notes traded on an established securities market, which is discussed in the two preceding paragraphs, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to foreign currency gain or loss, the gain or loss that you recognize on the sale, exchange or retirement of a Note generally will be capital gain or loss. The gain or loss on the sale, exchange or retirement of a Note will be long-term capital gain or loss if you have held the Note for more than one year on the date of disposition. Long-term capital gains recognized by an individual U.S. holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. Capital gain or loss, if any, recognized by a U.S. holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit limitation purposes. The ability of U.S. holders to offset capital losses against income is limited.

Gain or loss that you recognize on the sale, exchange or retirement of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates with respect to the principal amount of the Note during the period in which you held the Note. For these purposes, the principal amount of the Note is your purchase price for the Note calculated in foreign currency on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference between (i) the U.S. dollar value of the principal amount determined on the date you sell, exchange, retire or otherwise dispose of the Note and (ii) the U.S. dollar value of the principal amount determined on the date you purchased the Note. The amount of exchange gain or loss will be limited to the amount of overall gain or loss realized on the disposition of the Note. This foreign currency gain or loss will not be treated as an adjustment to interest income that you receive on the Note.

### **Exchange of Foreign Currencies**

A U.S. holder of a Note may receive Swiss francs in payment for interest and principal of the CHF Fixed Rate Senior Secured Notes or euros in payment for interest and principal of the Euro Fixed Rate Senior Secured Notes, the Floating Rate Senior Secured Notes and the Senior Notes. The tax basis of any Swiss francs or euros received by a U.S. holder generally will equal the U.S. dollar equivalent of such Swiss francs or euros at the spot rate of exchange on the date the Swiss francs or euros are received. Upon any subsequent exchange of Swiss francs or euros for U.S. dollars, a U.S. holder generally will recognize exchange gain or loss equal to the difference between the amount of U.S. dollars received and the U.S. holder's tax basis in the Swiss francs or euros. Upon any subsequent exchange of Swiss francs or euros for property, a U.S. holder generally will recognize exchange gain or loss equal to the difference between the U.S. dollar value of the Swiss francs or euros exchanged for such property based on the U.S. dollar spot rate for such Swiss francs or euros on the date of the exchange and the U.S. holder's tax basis in the Swiss francs or euros so exchanged. Any such exchange gain or loss generally will be treated as U.S. source ordinary income or loss.



**Reportable Transactions**

A U.S. holder that recognizes exchange loss with respect to the Notes would be required to report the loss on IRS Form 8886 (Reportable Transaction Disclosure Statement) if the loss exceeds the thresholds set forth in the Treasury regulations. For individuals and trusts, this loss threshold is USD 50,000 in any single year. For other types of taxpayers and other types of losses, the thresholds are higher. You are urged to consult your own tax advisors regarding the application of these rules to the acquisition, holding or disposition of the Notes.

**Information Reporting and Backup Withholding**

In general, payments of interest (including Additional Amounts) and the proceeds from sales or other dispositions (including retirements or redemptions) of Notes held by a U.S. holder may be required to be reported to the IRS unless the U.S. holder is an exempt recipient and, when required, demonstrates this fact generally by providing IRS Form W-9 (Request for Taxpayer Identification Number and Certification). In addition, a U.S. holder that is not an exempt recipient may be subject to backup withholding unless it provides a taxpayer identification number and otherwise complies with applicable certification requirements.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability and may entitle you to a refund, provided that the appropriate information is timely furnished to the IRS.

**Foreign Financial Asset Reporting**

Certain U.S. holders are required to report information to the IRS with respect to their ownership of “specified foreign financial assets,” which generally will include the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). U.S. holders who fail to report required information could become subject to substantial penalties. You are encouraged to consult with your own tax advisors regarding the possible implications of these rules on your investment in Notes.

## PLAN OF DISTRIBUTION

The Senior Secured Notes Issuer, the Senior Secured Notes Guarantors, Credit Suisse Securities (Europe) Limited, as representative of the Initial Purchasers (the “Representative”), BNP Paribas, J.P. Morgan Securities plc, Société Générale, Goldman Sachs International and Natixis, as initial purchasers, entered into a purchase agreement dated April 15, 2015, with respect to the Senior Secured Notes (the “Senior Secured Notes Purchase Agreement”).

The Senior Notes Issuer, the Senior Notes Guarantors, Credit Suisse Securities (Europe) Limited, as Representative, BNP Paribas, J.P. Morgan Securities plc, Société Générale, Goldman Sachs International and Natixis, as initial purchasers, entered into a purchase agreement dated April 15, 2015, with respect to the Senior Notes (the “Senior Notes Purchase Agreement” and, together with the Senior Secured Notes Purchase Agreement, the “Purchase Agreements”).

Subject to the terms and conditions set forth in the respective Purchase Agreements, (i) the Senior Secured Notes Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Senior Secured Notes Issuer, the entire principal amount of the Senior Secured Notes and (ii) the Senior Notes Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Senior Notes Issuer, the entire principal amount of the Senior Notes.

The obligations of the Initial Purchasers under the respective Purchase Agreements, including their agreement to purchase Notes from the relevant Issuer, are several and not joint. The respective Purchase Agreements provide that the Initial Purchasers will purchase all of the Notes if any of them are purchased.

The Initial Purchasers initially propose to offer the Notes for resale at the respective issue price that appears on the cover of this Offering Memorandum for each of the Senior Secured Notes and the Senior Notes. After the initial Offering, the Initial Purchasers may change the Offering’s price and any other selling terms without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates or through registered broker-dealers.

In the respective Purchase Agreements, we have agreed that:

- the obligations of the Initial Purchasers to pay for and accept delivery of the relevant Notes are subject to, among other conditions, the delivery of certain opinions by their counsel;
- during the period from the date of the respective Purchase Agreements through and including the date that is 90 days after such dates, none of the relevant Issuer, Guarantors, or any of their respective subsidiaries will, without the prior written consent of the Representative, offer, sell, contract to sell or otherwise dispose of any debt securities issued or guaranteed by the relevant Issuer or any of the Guarantors and having a tenor of more than one year (other than the Notes); and
- the relevant Issuer and the relevant Guarantors will indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and/or will contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction. In the relevant Purchase Agreement, each Initial Purchaser has agreed that:

- the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements; and
- during the initial distribution of the Notes, it will offer or sell Notes only to qualified institutional buyers in compliance with Rule 144A of the Securities Act and outside the United States to persons that are not U.S. persons in compliance with Regulation S.

In addition, until 40 days following the later of (i) the commencement of this Offering and (ii) the Issue Date, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A of the Securities Act or another exemption from registration under the Securities Act. During this 40-day period, neither Clearstream nor Euroclear will monitor compliance by dealers with section 4(3) of the Securities Act.

The Notes are a new issue of securities, and there is currently no established trading market for the Notes. In addition, the Notes are subject to certain restrictions on resale and transfer as described under “*Transfer Restrictions*.” We do not intend to apply for the Notes to be listed on any securities exchange other than the Official List of the Luxembourg Stock Exchange or to arrange for the Notes to be quoted on any quotation system. The Initial Purchasers have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. In addition, such market making activities will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

In connection with the Offering of the Notes, the Initial Purchasers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the Offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate-covering transactions may cause the price of the Notes to be higher than it would otherwise be in the absence of those transactions. If the Initial Purchasers engage in stabilizing or syndicate-covering transactions, they may discontinue them at any time.

The Issuers expect that delivery of the Notes will be made against payment on the respective Notes on or about the date specified on the cover page of this Offering Memorandum, which will be six business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as “T+6”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this Offering Memorandum or the next two business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In the respective Purchase Agreement, each Initial Purchaser has represented and agreed that:

- it has complied and will comply with all applicable provisions of the U.K. Financial Services and Markets Act 2000, or “FSMA,” with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers or the Guarantors.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by any of the Issuers or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering of the Notes, the distribution of this Offering Memorandum and resale of Notes. See “*Notice to Investors*.”

The Issuers and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act or the safe harbors of Rule 144A and Regulation S under the Securities Act to cease to be applicable to the offer and sale of the Notes.

The Initial Purchasers and their affiliates have provided and may, from time to time, continue to provide various financial advisory, investment banking, commercial banking and other services to us in the ordinary course of business, for which they have received (and expect to continue to receive) customary fees and reimbursement of expenses.

In addition, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities Limited, JPMorgan Chase Bank, N.A., London Branch, Société Générale, Natixis, BNP Paribas and Goldman Sachs International or their respective affiliates are lenders under the Revolving Credit Facility and such entities may act as counterparties in the hedging arrangements we may enter into in connection with the Notes offered hereby, and will receive customary fees for their services in such capacities. In addition, affiliates of certain of the Initial Purchasers are lenders under a loan provided to an affiliate of our principal shareholder, NJJ. Such loan is secured by, among other assets, shares of an affiliate of the NJJ entity which owns OCH-AT Holding, the parent of the Senior Notes Issuer and its subsidiaries.

## TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

### General

The Notes and the Guarantees have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and securities laws of any other applicable jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act and in offshore transactions in reliance on Regulation S under the Securities Act.

We have not registered and will not register the Notes or the Guarantees under the Securities Act and, therefore, the Notes may not be offered or sold within the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to “qualified institutional buyers,” commonly referred to as “QIBs,” as defined in Rule 144A under the Securities Act in compliance with Rule 144A; and
- outside the United States in an offshore transaction in accordance with Regulation S under the Securities Act.

We use the terms “offshore transaction,” “U.S. person” and “United States” with the meanings given to them in Regulation S under the Securities Act.

### Important Information about the Offering

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the relevant Issuer and Guarantors and the Initial Purchasers as follows:

- (1) You understand and acknowledge that the Notes and the Guarantees have not been registered under the Securities Act or the securities laws of any other applicable jurisdiction and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A under the Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.
- (2) You are not our “affiliate” (as defined in Rule 144 under the Securities Act) or acting on our behalf and you are either:
  - (a) a QIB, within the meaning of Rule 144A under the Securities Act, and are aware that any sale of these Notes to you will be made in reliance on Rule 144A under the Securities Act, and such acquisition will be for your own account or for the account of another QIB; or
  - (b) not a “U.S. person” or purchasing for the account or benefit of a U.S. person (other than a distributor), and you are purchasing the Notes in an offshore transaction in accordance with Regulation S under the Securities Act.
- (3) You acknowledge that neither we, nor any of the Guarantors or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to the Issuers and their subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that no person other than the Issuers makes any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.
- (4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale



in connection with, any distribution thereof in violation of the Securities Act or any other applicable securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

- (5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the “Resale Restriction Termination Date”) that is one year (in the case of Rule 144A Notes) or 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which the relevant Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only:
- (a) to the relevant Issuer, the Guarantors or any subsidiary thereof;
  - (b) pursuant to a registration statement that has been declared effective under the Securities Act;
  - (c) for so long as the Notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act;
  - (d) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act; or
  - (e) pursuant to any other available exemption from the registration requirements of the Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations.

You acknowledge that the relevant Issuer, the Trustee, the registrar and the Transfer Agent reserve the right prior to any offer, sale or other transfer of the Notes (i) pursuant to clause (d) or (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to each of them, the relevant Issuer, the Trustee, the registrar and the Transfer Agent, and (ii) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

- (6) Each purchaser acknowledges that each Global Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) OR (B) IT IS ACQUIRING THIS SECURITY IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN

DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (7) You agree that you will, and each subsequent holder is required to, give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes, if then applicable.
- (8) You acknowledge that until 40 days after the commencement of the relevant Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.
- (9) You acknowledge that the registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth therein have been complied with.
- (10) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and you agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate and complete, you shall promptly notify us and the Initial Purchasers in writing. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.
- (11) You understand that no action has been taken in any jurisdiction (including the United States) by any of the Issuers, the Guarantors or the Initial Purchasers that would result in a public offering of Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuers, any of the Guarantors or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of Notes will be subject to the selling restrictions set forth in this section of this Offering Memorandum and/or in the front of this Offering Memorandum under "*Notice to Investors*," "*Notice to New Hampshire Residents*," "*Notice to Certain Investors*" and "*Plan of Distribution*."

## AVAILABLE INFORMATION

Each purchaser of Notes from the Initial Purchasers was furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to this Offering Memorandum was deemed to acknowledge that:

- (1) such person was afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- (2) such person did not rely on any of the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- (3) except as provided pursuant to paragraph (1) above, no person was authorized to give any information or to make any representation concerning the Notes or each Guarantee offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or any of the Initial Purchasers.

For so long as any of the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuers will, during any period in which it is neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, make available to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the relevant Issuer at 1-3 Boulevard de la Foire, L-1528 Luxembourg.

Neither Issuer is currently subject to the periodic reporting and other information requirements of the Exchange Act. Notwithstanding, pursuant to the Indentures, and so long as the Notes are outstanding, the Issuers will agree to furnish periodic information to holders of the Notes. See “*Description of the Senior Secured Notes—Certain Covenants—Reports*” and “*Description of the Senior Notes—Certain Covenants—Reports*.”

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market, and the rules of that exchange so require, copies of such information may also be requested from the relevant Issuer at 1-3 Boulevard de la Foire, L-1528 Luxembourg. See “*Notice to Investors*” and “*Listing and General Information—Listing*.”

## **INDEPENDENT AUDITORS**

The independent auditors of MMH for the years ended December 31, 2014, 2013 and 2012 were Deloitte Audit Société à responsabilité limitée, Luxembourg. The statutory auditors of each of the Issuers is Deloitte Audit Société à responsabilité limitée. The IFRS consolidated financial statements as of and for each of the years ended December 31, 2014 and 2013, each included in this Offering Memorandum, have been audited by Deloitte Audit Société à responsabilité limitée, Luxembourg, as stated in their report appearing herein.

## **LEGAL MATTERS**

The validity of the Notes, the Guarantees and certain other legal matters are being passed upon for us by Shearman & Sterling (London) LLP, with respect to matters of U.S. federal, New York state and English law, by Bär & Karrer AG, with respect to matters of Swiss law, and by Bonn Steichen & Partners, with respect to matters of Luxembourg law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Simpson Thacher & Bartlett LLP, with respect to matters of U.S. federal, New York state and English law, by Linklaters LLP, with respect to matters of Luxembourg law, and by Pestalozzi Attorneys at Law Ltd, with respect to matters of Swiss law.



## LISTING AND GENERAL INFORMATION

### Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Luxembourg Stock Exchange's Euro MTF Market.

### *Luxembourg Listing Information*

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market of that exchange and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuers will publish or make available any notices (including financial notices) to the public in written form at places indicated by announcements to be published in a leading newspaper having a general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or by any other means considered equivalent by the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, copies of the following documents may be obtained free of charge at the specified office of the Listing Agent in Luxembourg and the registered office of the Issuers during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded):

- the organizational documents of each of the Issuers and the Guarantors;
- the financial statements included in this Offering Memorandum;
- the financial statements of each the Issuers that will be made available on an annual basis;
- the Offering Memorandum;
- our most recent audited consolidated financial information, and any interim financial information published by us;
- the Senior Secured Notes Indenture (which include the Senior Secured Notes Guarantees and the form of the Senior Secured Notes);
- the Senior Notes Indenture (which include the Senior Notes Guarantees and the form of the Senior Notes);
- the Intercreditor Agreement; and
- the Security Documents, which create the security interests as contemplated by the Indentures.

Each Issuer has appointed Deutsche Bank Luxembourg S.A. as Listing Agent, Transfer Agent and Registrar to make payments on, when applicable, and transfers of its Notes. The Issuers reserve the right to change this appointment in accordance with the terms of the Indentures. Application may also be made to the Euro MTF Market to have the Notes removed from listing on the Euro MTF Market, including if necessary to avoid any new withholding taxes in connection with the listing.

Each Issuer accepts responsibility for the information contained in this Offering Memorandum. Each Issuer declares that, having taken all reasonable care to ensure that such is the case, to the best of its knowledge, the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect its import. This Offering Memorandum may only be used for the purposes for which it has been published.

### *Clearing Information*

The CHF Fixed Rate Senior Secured Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under the common codes 121946181 and 121946360, respectively. The ISIN for the CHF Fixed Rate Senior Secured Notes sold pursuant to Regulation S is XS1219461818 and the ISIN for the CHF Fixed Rate Senior Secured Notes sold pursuant to Rule 144A is XS1219463608.

The Euro Fixed Rate Senior Secured Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under the common codes 121946572 and 121946688, respectively. The ISIN for the Euro Fixed Rate Senior Secured Notes sold pursuant to Regulation S is XS1219465728 and the ISIN for the Euro Fixed Rate Senior Secured Notes sold pursuant to Rule 144A is XS1219466882.

The Floating Rate Senior Secured Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under the common codes 121946793 and 121946904, respectively. The ISIN for the Floating Rate Senior Secured Notes sold pursuant to Regulation S is XS1219467930 and the ISIN for the Floating Rate Senior Secured Notes sold pursuant to Rule 144A is XS1219469043.

The Senior Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream under the common codes 121947579 and 121947641, respectively. The ISIN for the Senior Notes sold pursuant to Regulation S is XS1219475792 and the ISIN for the Senior Notes sold pursuant to Rule 144A is XS1219476410.

### General Information

Except as disclosed in this Offering Memorandum:

- there has been no material adverse change in our prospects since December 31, 2014, the date of our last published consolidated financial information;
- there has been no material adverse change in our financial position since our respective dates of incorporation;
- there has been no material adverse change in our financial position since our respective dates of incorporation; and
- none of the Issuers, the Guarantors, or any of their direct or indirect subsidiaries has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes and, so far as each Issuer is aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

For the avoidance of doubt, any website referred to in this Offering Memorandum and the information on the referenced website does not form part of this Offering Memorandum prepared in connection with the proposed offering of the Notes.

### Material Contracts

Contracts not entered into in the ordinary course of our business that could result in any member of the Group being under an obligation or entitlement that is material to our ability to meet our obligations to holders in respect of the Notes are summarized in “*Certain Relationships and Related Party Transactions*,” “*Description of Certain Financing Arrangements*,” “*Description of the Senior Secured Notes*” and “*Description of the Senior Notes*.”

### Corporate Information

The Senior Secured Notes Issuer, Matterhorn Telecom S.A., is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg on March 25, 2015. It is registered at the Luxembourg Trade and Companies Register under number B 195.769 and incorporated by a notarial deed on 25 March 2015, published in the *Mémorial C, Recueil des Sociétés et Associations* (the “**Memorial C**”) dated 8 April 2015 (number 935, page 44855), and whose articles have been amended pursuant to notarial deed dated 23 April 2015, expected to be published on 18 May 2015 in the *Memorial C*. The address of the Senior Secured Notes Issuer’s registered office is 1-3 Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg. The share capital of the Senior Secured Notes Issuer consists of 40,000 ordinary shares of CHF 1 each, all of which are held by the Senior Notes Issuer and are fully paid. The resolution authorizing and approving the issuance of the Senior Secured Notes was adopted on April 7, 2015.

The Senior Notes Issuer, Matterhorn Telecom Holding S.A., is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg on March 25, 2015. It is registered at the Luxembourg Trade and Companies Register under number B 195.766 and incorporated by a notarial deed on 25 March 2015, published in the *Mémorial C, Recueil des Sociétés et Associations* (the “**Memorial C**”) dated 8 April 2015 (number 935, page 44865), and whose articles have been amended pursuant to notarial deed dated 23 April 2015, expected to be published on 18 May 2015 in the *Memorial C*. The address of the Senior Notes Issuer’s registered office is 1-3 Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg. The share capital of the Senior Notes Issuer consists of 50,000 ordinary shares of CHF 1 each, all of which are fully paid. The resolution authorizing and approving the issuance of the Senior Notes was adopted on April 7, 2015.

Matterhorn Mobile S.A. is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg on December 23, 2011. It is registered at the Luxembourg Trade and Companies Register under number B 165.835 and incorporated by a notarial deed on 23 December 2011, published in the *Mémorial C, Recueil des Sociétés et Associations* (the “**Memorial C**”) dated 16 February 2012 (number 421, page 20184), and whose articles have been amended pursuant to notarial deed dated 23 April 2015, expected to be published on 18 May 2015 in the *Memorial C*. The address of Matterhorn Mobile’s registered office is 1-3 Boulevard de la Foire, L-1528 Luxembourg, Grand Duchy of Luxembourg. The share capital of Matterhorn Mobile consists of 147,546,990 ordinary shares of CHF 1 each, all of which are fully paid.

The Company, Orange Communications SA, is a Swiss stock corporation (*société anonyme*) incorporated under the laws of Switzerland on January 20, 1998. It is registered at the Commercial Registry Office of the Canton of Vaud under number CHE-106.836.776. The address of the Company's registered office is Rue du Caudray 4, CH-1020 Renens, Switzerland. The share capital of the Company consists of 8,000,000 registered shares of CHF 33.50 each, all of which are held by Matterhorn Mobile and are fully paid.

Orange Network SA is a Swiss stock corporation (*société anonyme*) incorporated under the laws of Switzerland on December 4, 2007. It is registered at Commercial Registry Office of the Canton of Vaud under number CHE-113.963.374. The address of Orange Network's registered office is Rue du Caudray 4, c/o Orange Communications SA, CH-1020 Renens, Switzerland. The share capital of Orange Network consists of 6,201,000 registered shares of CHF 100 each, all of which are held by the Company and are fully paid.

### ***Business Activity***

Pursuant to Article 3 of the Articles of Incorporation of Matterhorn Telecom S.A. dated March 25, 2015, it is the objective of Matterhorn Telecom S.A. to, among other things, borrow in any form; issue notes, bonds and any kind of debt and equity securities; lend funds including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies.

Pursuant to Article 3 of the Articles of Incorporation of Matterhorn Telecom Holding S.A. dated March 25, 2015, it is the objective of Matterhorn Telecom holding S.A. to, among other things, borrow in any form; issue notes, bonds and any kind of debt and equity securities; lend funds including, without limitation, the proceeds of any borrowings, to its subsidiaries, affiliated companies and any other companies.

### ***Financial Statements***

The Senior Secured Notes Issuer has not and does not intend to publish annual and interim financial information.

The unaudited standalone opening balance sheet of the Senior Secured Notes Issuer is set forth below.

<u>Assets</u>		<u>Equities and liabilities</u>	
Cash at bank . . . . .	CHF 40,000	Share capital . . . . .	CHF 40,000
<b>Total assets . . . . .</b>	<b>CHF 40,000</b>	<b>Total equity and liabilities . . . . .</b>	<b>CHF 40,000</b>

The consolidated annual financial statements of the Senior Notes Issuer will be prepared as of December 31 of each year, with the first set of accounts prepared by the Senior Notes Issuer for the period ending December 31, 2015. The Senior Notes Issuer will publish quarterly reports beginning with the quarter ending March 31, 2015.

The unaudited standalone opening balance sheet of the Senior Notes Issuer is set forth below.

<u>Assets</u>		<u>Equities and liabilities</u>	
Cash at bank . . . . .	CHF 50,000	Share capital . . . . .	CHF 50,000
<b>Total assets . . . . .</b>	<b>CHF 50,000</b>	<b>Total equity and liabilities . . . . .</b>	<b>CHF 50,000</b>

## GLOSSARY OF TECHNICAL TERMS

The following technical terms and abbreviations when used in this Offering Memorandum have the definitions ascribed to them opposite below, except where otherwise indicated.

Abbreviation	Definitions
“2G” .....	Second Generation Mobile System of which GSM represents one universal standard.
“3G” .....	Third Generation Mobile System of which UMTS represents one universal standard.
“4G” .....	Fourth Generation Mobile System of which LTE represents one universal standard.
“5G” .....	Fifth Generation Mobile System currently under development.
“ADSL” .....	Asymmetric Digital Subscriber Line, or a modem technology that converts existing twisted-pair telephone lines into access paths for high-speed data communications at transmission speeds at relatively high transmission rates that can be 50 times or more faster than dial-up internet access.
“average mobile revenue per user” or “ARPU” .....	Average mobile revenue per user is a telecom industry metric generally calculated by dividing total revenue for a product group by the average number of subscribers during a period. See “ <i>Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data</i> ” for an explanation of the Company’s calculation methodology for relevant ARPU.
“backbone” .....	A high speed line, or a series of connections forming a major communication pathway within a network, which uses a much faster protocol than that employed by a single local area network and has the highest traffic intensity.
“band” .....	In wireless communication, band refers to a frequency or contiguous range of frequencies.
“base station” or “sites” .....	Base transceiver station. Landline transmitter/receiver equipment in each geographic area or cell of a mobile telecommunications network that communicates by radio signal with mobile telephones in the cell.
“bit” .....	The smallest unit of binary information.
“bitstream” .....	A service consisting of the supply by Swisscom to the alternative operator of the transmissions capacity between the final customer’s workstation and the interconnection point, or POP (as defined below) of an alternative operator which wants to offer broadband services to its final customers.
“capacity” .....	The amount of bandwidth or throughput that can be handled by a network element.
“churn” .....	A telecom industry measure of the number or proportion of subscribers that disconnected from a telecommunications provider’s service over a period of time. See “ <i>Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data</i> ” for an explanation of the Company’s calculation methodology for mobile subscriber churn.
“ComCo” .....	The Swiss Competition Authority ( <i>Wettbewerbskommission</i> ) established by the Federal Act on Cartels and other Restraints of Competition of 6 October 1995. Also known as “WEKO.”

“ComCom” .....	The Federal Communications Commission of Switzerland ( <i>Die Eidgenössische Kommunikationskommission</i> ) established by the Swiss Telecommunications Act.
“digital” .....	A signaling technology in which a signal is encoded into digits for transmission.
“DSL” .....	Digital Subscriber Line, a technology enabling a local loop copper pair to transport high-speed data between a central office and the subscribers’ premises.
“EDGE” .....	Enhanced Data rates for GSM Evolution; effectively, the latest stage in the evolution of the GSM standard, EDGE uses a new modulation scheme to enable theoretical data speeds of up to 384 Kbps within the existing GSM spectrum.
“fiber-optic cable” .....	A transmission medium comprised of extremely pure and uniform glass. Digital signals are transmitted across fiber-optic cable as pulses of light. While signals transmitted over fiber-optic cable travel at the same speed as those transmitted over traditional copper cable, fiber-optic cable benefits from greater transmission capacity and lower distortion of signals transmitted.
“FTTH” .....	Fiber-to-the-home, the fiber-optic technology linking residential customers directly to the fiber network.
“frequency” .....	The rate at which an electrical current alternates, usually measured in Hertz (Hz). Also the way to note a description of a general location on the radio frequency spectrum such as 800 MHz, 900 MHz or 2100 MHz.
“GPRS” .....	A packet-based telecommunications service designed to send and receive data at rates from 56 Kbps to 114 Kbps that allows continuous connection to the Internet for mobile phone and computer users. GPRS is a specification for data transfer over GSM networks.
“GSM” .....	A comprehensive digital network for the operation of all aspects of a cellular telephone system.
“Hertz” .....	A unit of frequency of one cycle per second.
“HSPA” .....	High-Speed Packet Access. A 3G mobile telephone protocol that allows networks based on Universal Mobile Telecommunications System to have higher data transfer speeds and capacity.
“HSPA+” .....	Evolved High-Speed Packet Access. A 3G mobile telephone protocol based on HSPA but allowing for higher data transfer speeds and capacity.
“interconnection” .....	The way in which networks are connected to each other and the charges payable by one network operation for accepting traffic from or delivering traffic to another.
“Internet Protocol” or “IP” .....	A standard procedure whereby internet-user data is divided into packets to be sent onto the correct network pathway. In addition, IP gives each packet an assigned number so that the message completion can be verified. Before packets are delivered to their destination, the protocol carries out unifying procedures so that they are delivered in their original form.
“landline” .....	A physical line connecting the subscriber to the telephone exchange.  In addition, landline includes fixed wireless systems, in which the users are in fixed locations using a wireless connection (e.g. cordless telephones) to the telephone exchange.



“landline broadband” . . . . .	High data rate internet access services typically transmitted over copper wires, cable or fiber networks.
“leased line” . . . . .	Voice or data circuits leased to connect two or more locations for the exclusive use of the subscriber.
“LTE” . . . . .	3GPP Long Term Evolution, a mobile data transmission technology that generally provides for faster transmission than 3G.
“MHz” . . . . .	Megahertz; a unit of frequency equal to 1 million Hertz.
“MMS” . . . . .	Multimedia Messaging Service. An evolution of SMS that enables users to send multimedia content including images, audio and video clips to other users.
“mobile network operator” or “MNO” . . . . .	A company that has frequency allocations and the required infrastructure to run an independent mobile network, as opposed to an MVNO.
“mobile termination rates” or “MTRs” . . . . .	The tariff chargeable by operators for terminating calls on their mobile networks. See “ <i>Regulation</i> .”
“mobile virtual network operator” or “MVNO” . . . . .	A mobile operator that does not own its own spectrum and usually does not have its own network infrastructure. Instead, MVNOs have business arrangements with traditional mobile operators to buy minutes of use for sale to their own subscribers.
“network” . . . . .	An interconnected collection of telecom components consisting of switches connect to each other and to customer equipment by real or virtual transmission links. Transmission links may be based on fiber-optic or metallic cable or point-to-point radio connections.
“OFCOM” . . . . .	The Swiss Federal Office of Communications, also referred to as “BAKOM.”
“off-network” . . . . .	Telephone calls that are not on-network (as described below) calls.
“on-network” . . . . .	Telephone calls that stay on a private network, travelling by private line from beginning to end without interconnecting with another network.
“operator” . . . . .	A term for any company engaged in the business of building and running its own network facilities.
“penetration” . . . . .	A measurement, usually as a percentage, of the take-up of telecommunication services. Penetration is typically calculated by dividing the number of subscribers or lines by either the number of households or the population to which the service is available. See “ <i>Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data</i> ” for an explanation of the Company’s calculation of penetration rates.
“postpaid” . . . . .	Mobile subscriptions paid for on a recurring basis and requiring customers to remain subscribers for a specified duration.
“prepaid” . . . . .	Mobile subscriptions requiring customers to pay for usage credit in advance without any durational commitment.
“quadruple-play” . . . . .	Bundling of fixed-mobile (retail voice, landline internet and mobile services) with TV services.
“reseller” / “wholesale reseller” . . . . .	A company that partners with us to resell or market our mobile services in connection with its brand, resulting in direct contracts between the customers and us.

“SaaS” .....	Software as a Service.
“SMS” .....	Short Message Service; a text message service which enables users to send short messages to other users.
“spectrum” .....	A continuous range of frequencies, usually wide in extent within which waves have some certain common characteristics.
“subscriber” .....	A person who is party to a contract with the provider of publicly available telecommunication services for the supply of such services. See “ <i>Presentation of Financial and Other Data—Market, Economic and Subscriber Data; Market Share Data</i> ” for an explanation of the Company’s calculation of its relevant subscriber bases.
“SIM cards” .....	Cards that contain a smart chip with memory that allows for data storage and software applications.
“Swiss Cartel Act” .....	Federal Act on Cartels and other Restraints of Competition of 6 October 1995.
“Swiss Telecommunications Act” ....	The Swiss Federal Telecommunications Act of 30 April 1997.
“triple-play” .....	Bundling of mobile with fixed voice and landline internet services.
“UMTS” or “Universal Mobile Telecommunications System” .....	A third generation (or 3G) mobile technology
“Value Added Services” or “VAS” ...	All non-core services provided by an operator that are beyond standard voice calls and transmissions such as e-mail, music downloads, communal gaming and interactive advertising.
“VDSL” .....	Very-high-bit-rate digital subscriber line, a particular DSL implementation that provides for higher bitrates than most ADSL variants.
“VoIP” .....	A telephone service via the Internet, or via transmission control/ Internet Protocol, which can be accessed using a computer, a sound card, adequate software and a modem.
“WLAN” .....	Wireless Local Area Network, a type of local-area network in which devices communicate wirelessly.

## INDEX TO FINANCIAL STATEMENTS

### ***MMH CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014:***

REPORT OF INDEPENDENT AUDITORS .....	F-3
CONSOLIDATED STATEMENT OF PROFIT / (LOSS) .....	F-6
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS) .....	F-7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	F-8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	F-10
CONSOLIDATED STATEMENT OF CASH FLOWS .....	F-11
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	F-12

### ***MMH CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013:***

REPORT OF INDEPENDENT AUDITORS .....	F-61
CONSOLIDATED STATEMENT OF PROFIT / (LOSS) .....	F-64
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS) .....	F-65
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	F-66
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY .....	F-68
CONSOLIDATED STATEMENT OF CASH FLOWS .....	F-69
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	F-70

**Matterhorn Mobile Holdings S.A.**  
**Consolidated financial statements**  
**for the year ended December 31, 2014**

To the Shareholders of Matterhorn Mobile Holdings S.A.

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

### Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Matterhorn Mobile Holdings S.A. and subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flow for the year then, and a summary of significant accounting policies and other explanatory information.

#### *Responsibility of the Board of Directors for the consolidated financial statements*

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Matterhorn Mobile Holdings S.A. and subsidiaries as of December 31, 2014, and of its 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.



# Deloitte.

## Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

For Deloitte Audit, *Cabinet de révision agréé*

A handwritten signature in black ink, appearing to read 'Crosetto', written over a horizontal line.

Marco Crosetto, *Réviseur d'entreprises agréé*  
Partner

March 27, 2015

## TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF PROFIT / (LOSS) .....	F-6
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME / (LOSS) .....	F-7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	F-8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	F-10
CONSOLIDATED STATEMENT OF CASH FLOWS .....	F-11
NOTE 1—DESCRIPTION OF BUSINESS AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS .....	F-12
NOTE 2—ACCOUNTING POLICIES .....	F-17
NOTE 3—SEGMENT INFORMATION .....	F-29
NOTE 4—BUSINESS COMBINATIONS .....	F-30
NOTE 5—SALES .....	F-34
NOTE 6—PURCHASES & RESTRUCTURING, TRANSACTION & TRANSITION COSTS .....	F-35
NOTE 7—FIXED ASSETS .....	F-37
NOTE 8—INCOME TAX .....	F-40
NOTE 9—PROVISIONS .....	F-42
NOTE 10—EMPLOYEE BENEFITS .....	F-43
NOTE 11—FINANCIAL ASSETS, LIABILITIES AND FINANCIAL RESULTS .....	F-46
NOTE 12—INFORMATION ON MARKET RISK AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES .....	F-49
NOTE 13—OTHER OPERATING RESULTS, ASSETS, LIABILITIES & EQUITY .....	F-54
NOTE 14—SCOPE OF CONSOLIDATION .....	F-55
NOTE 15—RELATED PARTIES .....	F-55
NOTE 16—UNRECOGNISED CONTRACTUAL COMMITMENTS .....	F-56
NOTE 17—SHARE BASED PAYMENTS .....	F-58
NOTE 18—LITIGATIONS .....	F-59
NOTE 19—SUBSEQUENT EVENTS .....	F-59

## CONSOLIDATED STATEMENT OF PROFIT / (LOSS)

(in thousands of Swiss Francs)	Notes	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
<b>Revenue</b>	<b>1,2,5</b>	<b>1,316,090</b>	<b>1,291,426</b>
Access, backbone, interconnection and content costs	6	(189,135)	(204,979)
Commercial expenses and cost of equipment sold	6	(410,698)	(387,929)
Network, IT, property expenses and other purchases	6	(163,876)	(173,516)
Labour expenses	10	(107,013)	(113,127)
Other operating expenses	13	(31,149)	(33,325)
Other operating income	13	18,515	9,936
Result on disposal and other gains		844	13
Restructuring, transition and transaction costs	6	(35,618)	(22,949)
Corporate and brand fees		(19,617)	(21,410)
Depreciation, amortization and impairment	7	(258,534)	(329,312)
<b>Operating profit / (loss)</b>		<b>119,810</b>	<b>14,828</b>
Finance costs	11	(114,475)	(99,214)
Finance income	11	14,176	8,224
<b>Finance costs, net</b>		<b>(100,299)</b>	<b>( 90,990)</b>
<b>Profit / (loss) before tax</b>		<b>19,510</b>	<b>( 76,163)</b>
Income tax (expenses) / benefit	8	(3,983)	17,850
<b>Profit / (loss)</b>		<b>15,527</b>	<b>( 58,313)</b>
Profit / (loss) attributable to equity owners		15,527	(58,313)

the accompanying notes are an integral part of the consolidated financial statements

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME / (LOSS)

(in thousands of Swiss Francs)	Notes	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
<b>Profit / (loss)</b>		<b>15,527</b>	<b>(58,313)</b>
Gains / (losses) on cash flow hedge	<i>11</i>	(3,045)	5,167
Deferred tax on items recognized directly in other comprehensive income / (loss)	<i>8</i>	750	(1,466)
<b>Net other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods</b>		<b>(2,295)</b>	<b>3,701</b>
Remeasurement of defined benefit obligation	<i>10</i>	(9,743)	25,010
Deferred tax on items recognized directly in other comprehensive income / (loss)	<i>8</i>	2,216	(7,350)
<b>Net other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods</b>		<b>(7,527)</b>	<b>17,660</b>
<b>Other comprehensive income / (loss) after tax</b>		<b>(9,822)</b>	<b>21,361</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>5,705</b>	<b>(36,951)</b>

the accompanying notes are an integral part of the consolidated financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Swiss Francs)	Notes	December 31, 2014	December 31, 2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4	465,561	465,561
Other intangible assets	7	751,904	852,138
Property, plant and equipment	7	684,003	666,102
Trade receivables	5	35,081	—
Hedging derivative assets	11	13,290	15,361
Other non-current assets	13	11,909	50,236
Deferred tax assets	8	17,788	21,080
<b>Total non-current assets</b>		<b>1,979,537</b>	<b>2,070,478</b>
<b>Current assets</b>			
Inventories	6	17,119	21,166
Trade receivables	5	317,202	294,969
Other current assets	13	7,372	11,929
Hedging derivative assets	11	6,959	7,667
Prepaid expenses		492	2,293
Cash and cash equivalents	13	115,674	164,972
<b>Total current assets</b>		<b>464,818</b>	<b>502,996</b>
<b>TOTAL ASSETS</b>		<b>2,444,355</b>	<b>2,573,474</b>

the accompanying notes are an integral part of the consolidated financial statements



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Swiss Francs)	Notes	December 31, 2014	December 31, 2013
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	147,741	147,741
Share premium	13	444,557	500,836
Retained earnings / (Accumulated deficit)		(150,261)	(165,789)
Other reserves		10,486	20,309
<b>Total equity</b>		<b>452,523</b>	<b>503,097</b>
<b>Non-current liabilities</b>			
Fixed assets payables	7	33,254	64,521
Borrowings and other financial liabilities	11	1,214,934	1,221,666
Hedging derivative liabilities	11	15,499	2,732
Employee benefits obligations	10	40,747	26,986
Provisions	9	96,586	81,150
Other liabilities	13	4,400	8,423
Deferred tax liabilities	8	78,688	81,132
<b>Total non-current liabilities</b>		<b>1,484,108</b>	<b>1,486,610</b>
<b>Current liabilities</b>			
Trade payables	12	316,265	410,596
Fixed assets payables	7	99,393	70,166
Borrowings and other financial liabilities	11	23,230	23,718
Hedging derivative liabilities	11	8,821	6,099
Employee benefits obligations	13	11,806	11,320
Provisions	9	4,855	7,871
Other liabilities	13	18,280	24,937
Deferred income	5	25,073	29,061
<b>Total current liabilities</b>		<b>507,723</b>	<b>583,767</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,444,355</b>	<b>2,573,474</b>

the accompanying notes are an integral part of the consolidated financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of Swiss Francs)		Share capital	Share premium	Cash flow hedging reserve	Actuarial gains & losses	Retained earnings / (Accumulated deficit)	Total equity attributable to equity holders
<b>Balance at January 1, 2013</b>		<b>147,741</b>	<b>500,086</b>	<b>(6,947)</b>	<b>5,894</b>	<b>(107,477)</b>	<b>539,297</b>
Profit / (loss)						(58,313)	(58,313)
Gains / (losses) on cash flow hedge	<i>11</i>			5,167			5,167
Remeasurement of defined benefit obligation	<i>10</i>				25,010		25,010
Deferred tax on items recognized directly in other comprehensive income / (loss)	<i>8</i>			(1,466)	(7,350)		(8,816)
<b>Total comprehensive income / (loss)</b>		<b>—</b>	<b>—</b>	<b>3,701</b>	<b>17,660</b>	<b>(58,313)</b>	<b>(36,951)</b>
Share Premium increase	<i>13</i>		750				750
<b>Balance at December 31, 2013</b>	<i>13</i>	<b>147,741</b>	<b>500,836</b>	<b>(3,246)</b>	<b>23,554</b>	<b>(165,789)</b>	<b>503,097</b>
Profit / (loss)						15,527	15,527
Gains / (losses) on cash flow hedge	<i>11</i>			(3,045)			(3,045)
Remeasurement of defined benefit obligation	<i>10</i>				(9,743)		(9,743)
Deferred tax on items recognized directly in other comprehensive income / (loss)	<i>8</i>			750	2,216		2,966
<b>Total comprehensive income / (loss)</b>		<b>—</b>	<b>—</b>	<b>(2,295)</b>	<b>(7,527)</b>	<b>15,527</b>	<b>5,705</b>
Share Premium decrease	<i>13</i>		(56,279)				(56,279)
<b>Balance at December 31, 2014</b>	<i>13</i>	<b>147,741</b>	<b>444,557</b>	<b>(5,540)</b>	<b>16,027</b>	<b>(150,261)</b>	<b>452,523</b>

the accompanying notes are an integral part of the consolidated financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

		January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
(in thousands of Swiss Francs)	Notes		
<b>OPERATING ACTIVITIES</b>			
Profit / (loss)		<b>15,527</b>	<b>(58,313)</b>
Adjustments to reconcile profit/(loss) to funds generated from operations			
Depreciation, amortization and impairment	7	258,534	329,312
Result on disposal of PPE		(844)	(13)
Change in other provisions		(3,195)	(133)
Income tax recognized in the income statement	8	3,983	(17,850)
Interest income and expense, net	11	91,389	99,028
Foreign exchange gains and losses, net and derivatives	11	8,910	(8,038)
Change in inventories, trade receivables and trade payables			
Decrease/(increase) in inventories	6	4,047	(2,936)
Decrease/(increase) in trade receivables	5	(57,315)	23,171
Increase/(decrease) in trade payables	12	(94,331)	(5,211)
Other changes in working capital requirements			
Decrease/(increase) in other receivables and payables		(5,347)	806
Other items			
Income tax paid	8	(169)	(241)
Decrease / (increase) in deposits		165	(800)
<b>Net cash provided by operating activities</b>		<b>221,356</b>	<b>358,783</b>
<b>INVESTING ACTIVITIES</b>			
Purchases/sales of property, plant and equipment and intangible assets			
Purchases of property, plant and equipment and intangible assets	7	(160,154)	(157,569)
Proceeds from sales of property, plant and equipment and intangible assets		844	13
<b>Net cash used in investing activities</b>		<b>(159,310)</b>	<b>(157,556)</b>
<b>FINANCING ACTIVITIES</b>			
Issuance			
Interest income received	11	364	186
Redemptions and repayments			
Repayment of Bonds (Principal)	11	—	(60,000)
Early Redemption fees	11	—	(1,200)
Interest paid, net effect of interest rates on derivatives and net FX impacts on bonds and derivatives		(82,910)	(81,226)
Proceeds from / (repayment of) Other financial debt		30,414	(33,737)
Other changes			
Share premium increase / (decrease)	13	(56,279)	750
<b>Net cash provided by / (used in) financing activities</b>		<b>(108,411)</b>	<b>(175,227)</b>
<b>Net change in cash and cash equivalents</b>		<b>(46,365)</b>	<b>26,000</b>
<b>Cash and cash equivalents at beginning of period</b>	13	<b>164,972</b>	<b>139,691</b>
Effect of exchange rates changes on cash and cash equivalents		(2,932)	(41)
Other		—	(679)
<b>Net change in cash and cash equivalents</b>		<b>(46,365)</b>	<b>26,000</b>
<b>Cash and cash equivalents at end of period</b>	13	<b>115,674</b>	<b>164,972</b>

the accompanying notes are an integral part of the consolidated financial statements

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 1—Description of business and basis of preparation of the consolidated financial statements

#### 1.1 Description of business and purpose of preparation

Olympus Debtco S.A. was incorporated on December 23, 2011 in Luxembourg. At this date, it founded its subsidiary Olympus Bidco S.A. These companies were established by Apax Partners Europe Manager Ltd (APEM) to acquire a 100% interest in Orange Communications SA.

On January 27, 2012, these companies were renamed Matterhorn Mobile Holdings S.A. (hereafter “the Company”) and Matterhorn Mobile S.A., respectively.

The Company indirectly holds 100% of its principal operating company, Orange Communications SA, which was incorporated on January 10, 1998 in Lausanne, Switzerland and its subsidiaries (all together, the “Group”). Please refer to note 14 for all companies included in the Group.

Orange Communications SA and its subsidiaries (hereafter “Orange Switzerland”) provide consumers, businesses and other telecommunication operators with a wide range of services including mobile telecommunications, data transmission, Internet and other value-added services. Orange Switzerland was acquired by Matterhorn Mobile S.A. on February 29, 2012 (the “Transaction Date”).

These consolidated financial statements as at December 31, 2014 and the related consolidated statements of profit / (loss), comprehensive income / (loss), changes in equity and cash flows for year then ended were approved and authorised for issue on March 27, 2015 by the Board of Directors of Matterhorn Mobile Holdings S.A.

#### 1.2 Basis of preparation of the 2014 consolidated financial statements

**These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union.**

This is the third financial year of Matterhorn Mobile Holdings S.A. Orange Switzerland has been considered as an ongoing IFRS issuer, since Orange Communications SA issued individual financial statements in accordance with IFRS until December 31, 2007, as well as consolidated financial statements as at December 31, 2008, 2009, 2010 and 2011. These consolidated financial statements have been prepared using the same accounting policies as those applied by the Group in 2013, except for the standards effective for the first time in 2014 and except for the change in accounting policy for revenue recognition, as described and quantified in note 2.5 and 5.

##### 1.2.1 New standards and Amendments to IFRS affecting amounts reported in the financial statements

The following revised standards and amendments which are effective for annual periods starting as from January 1, 2014, have been properly applied by the Group:

**IAS28 (Revised 2011) *Investments in Associates and Joint Ventures*** outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of “significant influence”, which requires power to participate in financial and operating policy decisions of an investee.

**IFRS10 *Consolidated Financial Statements*** outlines the requirements for the preparation and presentation of consolidated financial statements, requiring an entity to consolidate entities it controls. Control requires exposure or rights to variable returns and the liability to affect those returns through power over an investee.

**IFRS11 *Joint arrangements*** outlines the accounting by entities that jointly control an arrangement.

**IFRS12 *Disclosure of Interests in Other entities*** is a consolidated disclosure standard requiring a wide range of disclosures about an entity’s interests in subsidiaries, joint arrangements, associates and unconsolidated “structured entities”. Disclosures are presented as a series of objectives, with detailed guidance on satisfying those objectives.

**IAS27 *Separate financial statements*** outlines the accounting and disclosure requirements for “separate financial statements”, which are financial statements prepared by a parent, or an investor in a joint venture or associate,

## **Note 1—Description of business and basis of preparation of the consolidated financial statements (Continued)**

where those investments are accounted for either at cost or in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*. The standard also outlines the accounting requirements for dividends and contains numerous disclosure requirements.

The application of those five standards have had no material impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

**Amendments to IFRS 10, IFRS 12 and IAS 27 *Investments Entities*:** The Group has applied the amendments for the first time in the current year. The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

As the Company is not an investment entity, the application of the amendments has had no impact on the disclosures or the amounts recognized in the Group's consolidated financial statements.

**Amendments to IAS 32 *Offsetting Financial Assets and Financial Liabilities*:** The Group has applied the amendments to IAS 32 for the first time in the current year. As the Group does not have financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

**Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*:** The Group has applied the amendments to IAS 36 for the first time in the current year. The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

**Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*:** The Group has applied the amendments to IAS 39 for the first time in the current year. The application of these amendments has had no material impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

**IFRIC 21 *Levies*:** The Group has applied IFRIC 21 for the first time in the current year. IFRIC 21 addresses the issue as to when to recognize a liability to pay a levy imposed by a government. IFRIC 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognized in the Group's consolidated financial statements.

### **1.2.2 New and revised IFRS in issue but not yet effective**

The Group has not early adopted any IFRS as endorsed by the European Union, which is not yet effective.

It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. The Group is currently assessing the impact of the application of these standards, amendments and interpretations.

New standards and interpretations issued but not yet effective are the following:

- IFRS 15 *Revenue from contracts with customers*—Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
- IFRS 9 *Financial Instruments*—Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
- Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*—Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*—Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.



**Note 1—Description of business and basis of preparation of the consolidated financial statements (Continued)**

- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*—Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
- Annual Improvements to IFRS 2010-2012 Cycle—Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.
- Annual Improvements to IFRS 2011-2013 Cycle—Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*—Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

**IFRS 15 Revenue from contracts with customers:** In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction contracts* and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: identify the contract(s) with a customer
- Step 2: identify the performance obligations in the contract
- Step 3: determine the transaction price
- Step 4: allocate the transaction price to the performance obligations in the contract
- Step 5: recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the good or services underlying the particular performance obligation is transferred to the customer. More prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future will have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

**IFRS 9 Financial Instruments:** IFRS 9 issued in July 2014 superseded IFRS 9 (2009) and introduced new requirements for the classification and measurement of financial assets:

- Debt instruments meeting both a “business model” test and a “cash flow characteristics” test are measured at amortised cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as “fair value through other comprehensive income” with only dividends being recognised in profit or loss
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss
- The concept of “embedded derivatives” does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

**Note 1—Description of business and basis of preparation of the consolidated financial statements (Continued)**

The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements.

**Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*:**

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- when the Intangible asset is expressed as a measure of revenue; or
- when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

**Amendments to IAS 19 *Defined Benefit Plans: Employee Contribution*:** The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employee's period of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to employee's periods of service. The directors of the Company do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Group's consolidated financial statements.

**Amendments to IFRS 11 *Accounting for Acquisitions if Interests in Joint Operations*:** The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a CGU to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group's consolidated financial statements.

**Annual Improvements to IFRS 2010-2012 cycle:** The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

**Annual Improvements to IFRS 2011-2013 cycle:** The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

**Amendments to IAS 16 and IAS 41 *Agriculture: Bearer plants*:** The Group anticipates that the application of this standard will not have any impact on amounts reported in the consolidated financial statements.

Please also note that IFRS 14 *Regulatory Deferral Accounts* is not applicable to the Group as the Group is not a first-time adopter of IFRS.

**Note 1—Description of business and basis of preparation of the consolidated financial statements (Continued)**

**1.3 Use of estimates and judgements**

In preparing the Group financial statements, the Group's management makes estimates, judgements and assumptions, insofar as many elements included in the financial statements cannot be measured with precision. These estimates and underlying assumptions are revised if the underlying circumstances evolve or in light of new information or experience.

Consequently, estimates made as at December 31, 2014 may subsequently be changed. The underlying assumptions used for significant estimates are as follows:

		<b>Nature of estimate and judgement</b>
Note 4	Business Combinations	<p>Selection of the key measurement methods and assumptions used to identify intangible assets in business combinations.</p> <p>Impairment loss determination at the level of the Cash Generating Units ("CGU"), intangible assets and property, plant and equipment not generating cash inflows that are largely independent of those from CGUs</p> <p>Level of grouping of CGUs for goodwill impairment testing</p>
Note 4	Impairment	<p>Key assumptions used to determine recoverable amounts: value in use (discount rate, perpetual growth rate, expected cash flows), market value (revenue and EBITDA multiples for comparable companies or transactions, cash flows)</p> <p>Assessment of economic and financial environment</p> <p>Allocation of each separable component of a bundled offer based on the relative fair value of the individual components</p> <p>Straight-line recognition of revenue relating to invoiced service access fees depending on the nature of the product and historical contractual relationship</p>
Note 5	Revenue	<p>Reporting of revenue on a net versus gross basis (depending on an analysis of the Group's involvement as either agent or principal)</p> <p>Relative fair value used for Equipment sales and SIM-only service access fees</p>
Note 7	Purchases of property, plant and equipment & intangible assets other than goodwill	<p>Determination of the useful life of the assets based on an assessment of the technological, legal or economic environments</p>
Note 8	Income tax, deferred tax assets and liabilities	<p>Assumptions used for recognition of deferred tax assets arising from the carry forward of unused tax losses</p> <p>Consequences of changes in tax laws and rates</p> <p>Provisions for termination benefits and restructuring: discount rate, plan success rate</p>
Note 9	Provisions	<p>Provisions for claims and litigation: assumptions underlying risk assessment and measurement</p> <p>Provisions for dismantling: churn rate, inflation rate, discount rate, antenna residual useful life and restoring cost</p>
Note 10	Employee benefits	<p>Discount rate, inflation rate, salary increases, mortality table</p>
Note 12	Fair value of financial assets and liabilities	<p>Financial models, selection of parameters</p>

## **Note 1—Description of business and basis of preparation of the consolidated financial statements (Continued)**

The consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue its operations under the scope defined above.

### **1.4 Reclassifications**

In 2014, we proceeded to the reclassification of the non-current spectrum licences interest's payables from other liabilities to fixed asset payables. This reclassification was also performed on 2013 accounts and amounts to CHF 2.6 million as at December 31, 2013.

We also performed a reclassification of certain financial gains from Finance expenses to Finance income in 2013 accounts for an amount of CHF 2.9 million.

### **1.5 Audit fees**

The Group's consolidated financial statements are audited by Deloitte Audit, Luxembourg. The total fees are shown below:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Audit fees	519	531
Other services	10	—
<b>Fees</b>	<b>528</b>	<b>531</b>

## **Note 2—Accounting policies**

This note describes the accounting policies applied to prepare the consolidated financial statements for the years ended December 31, 2014 and December 31, 2013. When applicable, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

### **2.1 Presentation of the consolidated financial statements**

#### ***Consolidated statement of profit / (loss)***

Expenses are presented in the statement of profit / (loss) based on their nature.

Operating profit corresponds to net income / (loss) before:

- finance expenses;
- finance income;
- income tax (current and deferred taxes).

#### ***Consolidated statement of other comprehensive income / (loss)***

This statement reconciles the consolidated net profit / (loss) to the comprehensive income / (loss) for the year. It presents other items of income and expense before tax ("components of other comprehensive income / (loss)"), as well as the tax relating to such items which are not recognised in consolidated net profit for the year:

- remeasurement of cash flow hedge instruments;
- remeasurement of defined benefit obligations;
- total amount of tax relating to the above items.

## **Note 2—Accounting policies (Continued)**

### ***Consolidated statement of financial position***

Current and non-current items are presented separately in the statement of financial position: assets and liabilities with a term of no more than twelve months are classified as current, whereas assets and liabilities with a term of more than twelve months are classified as non-current.

### ***Consolidated statement of cash flows***

The statement of cash flows is reported using the indirect method from the consolidated net profit and is broken down into three categories:

- net cash provided by / (used in) operating activities;
- net cash provided by / (used in) investing activities;
- net cash provided by / (used in) financing activities.

Income taxes are included in the cash flows arising from operating activities. Finance expenses are included in the cash flows arising from financing activities.

### ***Segment reporting***

The operating segments are components of the Group that engage in business activities and whose operating results based on the internal reporting are reviewed by the Board of Directors (the chief operating decision-maker) in order to determine the allocation of resources and to assess of the operating segments' performance.

The Group operates in two main operating segments: Consumer and Enterprise.

## **2.2 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control on the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit / (loss) and other comprehensive income / (loss) from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup transactions and balances are eliminated in consolidation.

## **2.3 Business combinations and goodwill**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values



## Note 2—Accounting policies (Continued)

of the assets transferred by the Group, liabilities incurred to the former owners of the acquiree by the Group, and the equity interests issued by the Group in exchange for control of the acquiree. Transaction costs are recognised as a profit or loss as incurred.

At the acquisition date, the identifiable assets and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively and;
- assets that are classified as held for sale in accordance with IFRS 5—*Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of identifiable assets, liabilities and contingent liabilities taken over, regardless of the level of the investment held, is recognised as goodwill. Goodwill is not amortised, but tested annually for impairment.

Therefore, the evolution of general economic and financial trends, the different levels of resilience of the telecommunication operators with respect to the decline of local economic environments, the changes in the market capitalisation values of telecommunication companies, as well as actual economic performance compared to market expectations represent external indicators that are analysed by the Group, together with internal performance indicators, in order to assess whether an impairment test should be performed more than once a year.

IAS 36 requires that these tests be performed at the level of each Cash Generating Unit (CGU) or groups of CGUs which are likely to benefit from acquisition-related synergies, within an operating segment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This allocation is reviewed if the Group changes the level at which it monitors return on investment for goodwill testing purposes. To determine whether an impairment loss should be recognised, the carrying value of the assets and liabilities of the CGUs or groups of CGUs is compared to recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

The Company considers that the smallest groups are the operational segments described in Note 3, Consumer and Enterprise.

Impairment loss for goodwill is recorded in operating expenses and is never reversed subsequently.

Intangible assets acquired in business combinations and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

Contingent consideration, if any, is recognised against the acquisition cost at the acquisition date if the adjustment is probable and can be measured reliably. Subsequent changes in contingent consideration are accounted for against goodwill during the measurement period. After the measurement period, any change in contingent consideration is accounted in profit or loss.

### 2.4 Effect of changes in foreign exchange rates

#### *Functional and presentation currency*

The Swiss Franc (CHF) is the functional currency of all entities within the Group and is the Group's presentation currency.

## **Note 2—Accounting policies (Continued)**

### ***Transactions in foreign currencies***

Transactions in foreign currencies are converted into the entities' functional currency at the exchange rate of the transaction date. Monetary assets and liabilities are remeasured at the exchange rate of the end of each reporting period and the resulting translation differences are recorded in the income statement:

- in operating profit for commercial transactions;
- in finance income or finance expenses for financial transactions.

Both for transactions qualifying as hedge accounting and for transactions qualifying as economic hedge, the change in fair value of derivatives that can be attributed to changes in exchange rates is recorded in operating profit when the underlying hedged item is a trade commercial transaction and in financial income when the underlying hedged item is a financial receivable or a liability. As the hedged item is not recognised in the statement of financial position in the context of a cash flow hedge of a highly probable forecast transaction, the effective portion of change in fair value of the hedging instrument is recorded in other comprehensive income and reclassified in:

- profit or loss in accordance with the precedent method with respect to financial assets and liabilities;
- the initial cost of the hedged item with respect to the non-financial assets and liabilities.

### **2.5 Revenue**

Revenue from the Group activities is measured and accounted for in accordance with IAS 18 "Revenue".

#### ***Separable components of bundled offers***

Most products sold by the Group include two components: equipment (e.g. a mobile handset) and service (e.g. a voice/non-voice plan). As far as a sale with multiple products or services is concerned, the Group analyses all deliverables in the arrangement to determine whether they represent separate units of accounting. A component (product or service) is considered to be a separate unit of accounting if (i) it has a standalone value to the customer and (ii) there is objective and reliable evidence of the fair value of the undelivered component(s).

The fixed or determinable total amount in the arrangement is allocated to the components based on their relative fair value. However, when an amount allocated to a delivered component is contingent upon the delivery of additional components or the satisfaction of specific performance conditions, the amount allocated to that delivered component is limited to the non-contingent amount. This case arises for sales of bundled offers including a handset and a telecommunication access service. The handset is considered to have a standalone value to the customer, and there is objective and reliable evidence of fair value for the telecommunication access service to be delivered.

Until September 19, 2014, the amount that could be allocated to the handset generally exceeded the amount to be received from the customer at the date the handset was delivered; revenue recognised from the sale of the handset was generally limited to the amount in the arrangement that was not contingent upon the rendering of access services, i.e. the amount paid by the customer for the handset. Please refer to "Equipment sales" below for the accounting treatment regarding the period starting September 19, 2014.

For offers that cannot be separated into identifiable components, revenue is fully recognised over the life of the contract. The main example relates to the connection service. The connection service is not a component which can be separated from the subscription and communication; therefore connection fees are recognised over the expected average life of the contractual relationship.

#### ***Equipment sales***

Revenue from equipment sales is recognised when the significant risks and rewards of ownership are transferred to the customer.

## **Note 2—Accounting policies (Continued)**

On 19 September 2014, Orange Communications S.A. introduced a new offering which provides the option for customers to pay the handset price using an instalment plan over 12 or 24 months.

In addition, Orange Communications S.A. underwent a significant system change (the “IT Transformation”) in the first quarter of 2014 which was finalised in the course of 2014. This now allows Orange Communications S.A. to track and link customers who purchased a handset to their corresponding subscription account.

As a result, all the revenue recognition criteria’s as defined by IAS18.14 are now fulfilled, a limitation of the recognised revenue to the already collected amount is no longer appropriate and all equipment revenue is recognized upfront at the contract inception date at its relative fair value.

The system change resulted in an increased level of information enabling the introduction of the new instalment model; this change of practice led to a change in accounting policy.

Since the required data for a restatement was not available prior to the system change, it is not possible to create that information after the change. Therefore a restatement is not practicable and consequently a prospective application is permitted and has been implemented.

To the extent that it is impracticable to determine either the period-specific effects for any reported period or the cumulative effects of changing an accounting policy, full retrospective application of the new policy is not required by IAS8.

The changes have been applied as from September 19, 2014. As at December 31, 2014, the impact of the above changes is an increase of CHF 33.3 million on revenue and an increase of the net profit before tax of CHF 32.9 million.

### ***Equipment rentals***

In accordance with IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, equipment for which a right of use is granted is analysed in accordance with IAS 17 “Leases”.

Revenue from equipment lease is recognised on a straight-line basis over the life of the lease agreement, except when the lease is determined to be a finance lease; in such a case, equipment is then considered sold with deferred payment terms.

### ***Content sales***

The accounting for revenue sharing arrangements and supply of content depends on the analysis of the facts and circumstances surrounding these transactions. Thus, an analysis is performed using the following criteria to determine whether the revenue is recognised on:

- a gross basis when the Group:
  - is the primary obligor in the arrangement;
  - bears inventory risk;
  - has a reasonable latitude in establishing price with the end-customer;
  - bears the customer’s credit risk.
- a net basis when:
  - the service provider is responsible for the service and for establishing the price to be paid by the subscriber;
  - the service provider is responsible for supplying the content to the end-customer and for establishing the retail price.

## **Note 2—Accounting policies (Continued)**

### ***Service sales***

Revenue from telecommunication and Internet access subscription fees, including those from wholesale, is recognised on a straight-line basis over the subscription period.

Revenue from incoming and outgoing telephone calls, including those from the wholesale of traffic data, are recognised when the service is rendered.

Revenue from the sale of transmission capacity through cables as well as those from local loop unbundling are recognised on a straight-line basis over the life of the contract.

### ***Promotional offers***

Revenues are stated net of discounts. Certain commercial offers include a free service over a certain period (time-based incentives) when the customer commits to a fixed period contract. In such circumstances the total revenue generated under the contract is spread over the fixed and non-cancellable contract period.

### ***Customised contracts***

The Group offers customised solutions, in particular to its business customers. The related contracts are analysed as multiple-element transactions (including management of the telecommunication network, access, voice and data transmission and migration). The commercial discounts granted under these contracts, if certain conditions are fulfilled, are recorded as a deduction from revenue based on the specific terms of each contract. Migration costs incurred by the Group under these contracts are recognised in expenses when they are incurred.

## **2.6 Subscriber acquisition and retention costs, advertising and related cost**

### ***Subscriber acquisition and retention costs***

Subscriber acquisition and retention costs, other than costs incurred in the context of loyalty programs, are recognised as an expense in the period in which they are incurred, i.e. upon acquisition or contract renewal. In some cases, contractual clauses with retailers include a profit-sharing based on revenue recognised and paid: such costs are recognised in profit or loss when the related revenue is recognised.

### ***Advertising and related costs***

Advertising, promotion, sponsoring, communication and brand marketing costs are expensed when incurred.

## **2.7 Other intangible assets**

Intangible assets mainly consist of licenses, content rights, indefeasible rights of use, patents, development costs and software.

### ***Gross value***

Intangible assets are initially recognised at their acquisition or production cost. When intangible assets are acquired in a business combination, their cost is determined in connection with the purchase price allocation based on their respective market value. When their market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally generated trademarks and subscriber bases are not recognised as assets.

Indefeasible Rights of Use (IRUs) acquired by the Group correspond to the right to use cable or capacity transmission cable granted for a fixed period. IRUs are recognised as assets when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right corresponds to the major part of the economic life of the underlying asset.

The Group's research and development projects mainly relate to the upgrade of the network architecture or functionality and the development of service platforms aimed at offering new services to the Group's customers.

## **Note 2—Accounting policies (Continued)**

These projects generally give rise to the development of software. An intangible asset arising from development is recognised if, and only if, the Group can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure the expenditure attributable to the intangible asset during the development phase.

### ***Depreciation***

Intangible assets are amortised on straight-line basis over their expected useful life.

Licenses to operate mobile telephone networks are amortised over the license period from the date when the network is technically ready and the service can be marketed. The right to operate a mobile network is recorded in an amount corresponding to the fixed portion of the royalties due when the license was granted. The variable user fee is expensed as incurred.

Intangible assets related to internal and external software developments are amortised over a period from 3-5 years.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

## **2.8 Property, plant and equipment**

### ***Gross Value***

Fixed assets are recognised at their purchase or production cost, which include costs directly attributable to bringing the asset to the location and to a working condition for its intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, representing the obligation incurred by the Group.

The cost of networks includes design and construction costs, as well as costs related to the improvement in equipment and facility capacity.

The total cost of an asset is allocated to its different components. Each component is accounted for separately when the components have different useful lives or when the pattern in which their future economic benefits are expected to be consumed by the entity varies. Depreciation rate and method of such components are different accordingly.

Maintenance and repair costs are recognised in profit or loss as incurred, except where they serve to increase the productivity or useful life of the asset.

### ***Operating / Finance leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the agreement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset and the agreement conveys a right to the Group to the use of the asset.



## **Note 2—Accounting policies (Continued)**

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased item to the Group. These are classified at the inception of the lease, in accordance with its nature and the associated liability, at the lower of the present value of the minimum lease payments or the fair value of the leased property. Lease payments are apportioned between finance costs and reduction of the principal of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are reflected in the income statement over the lease term.

In firm sale and leaseback transactions resulting in a finance lease, the asset sold is not derecognised and the cash received is considered finance for the lease term. However, when the sale and leaseback transaction results in an operating lease, and it is clear that both the transaction and subsequent lease income are established at fair value, the asset is derecognised and any gain or loss generated on the transaction is recognised.

### ***Depreciation***

Depreciation is based on the cost of a property, plant and equipment less any residual value and reflects the pattern in which the future economic benefits of the asset are expected to be consumed. Thus, the asset is usually depreciated on the straight-line basis over the following estimated useful lives:

Buildings	10 to 30 years
Network: Switching, transmission and other network equipment	5 to 10 years
Network: Cables and civil works	15 to 30 years
IT equipment: Computer hardware	3 to 5 years

These useful lives are reviewed annually and are adjusted if they differ from previous estimates. These changes in accounting estimates are recognised prospectively.

## **2.9 Impairment of non-current assets**

At the end of each reporting period, the Group reviews the carrying amount of its property, plant and equipment and intangible assets with definite useful life to determine whether there is any indication that those assets have suffered an impairment loss.

Indicators of impairment include events or circumstances occurring during the period (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators).

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss (if any).

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which is assessed using the discounted cash flows method based on management's best estimate of the set of economic conditions. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of cash-generating units to which the asset belongs to.

The impairment loss recognised is equal to the difference between the net book value and the recoverable amount.

## **2.10 Financial assets and liabilities**

Financial assets and liabilities are recognised initially at fair value. They are subsequently measured either at fair value or amortised cost using the effective interest method depending on the category in which they are classified.

## **Note 2—Accounting policies (Continued)**

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. This calculation includes all fees and points paid or received between parties to the contract.

### ***Recognition and measurement of financial assets***

The Group does not hold any financial assets qualifying as held-to-maturity assets.

#### **2.10.1 Loans and receivables**

This category mainly includes trade receivables, cash, certain deposits, as well as other loans and receivables. These instruments are recognised at fair value upon origination and are subsequently measured at amortised cost using the effective interest method. Receivables with no stated interest rate are measured at initial nominal amount unless there is any significant impact resulting from the application of an implicit interest rate.

If there is any objective evidence of impairment of these assets, the value of the asset is reviewed at the end of each reporting period. An impairment loss is recognised in profit or loss when the financial asset carrying amount is higher than its recoverable amount.

Impairment of trade receivables is based on two methods:

- A statistical method: It is based on historical losses and leads to a separate impairment rate for each ageing balance category. This analysis is performed over a homogenous group of receivables with similar credit characteristics because they belong to a customer category (mass-market, small offices and home offices).
- A stand-alone method: The probability and the amount of impairment loss are estimated based on a set of relevant factors (ageing of late payment, other balances with the counterpart, rating from independent agencies, geographical area). This method is used for carriers and operators (domestic and international), local, regional and national authorities and for large accounts of Company Communication Services.

Recognition of impairment losses on a group of receivables is the step preceding the detection of impairment losses on individual receivables. When information is available (clients in bankruptcy or subject to equivalent judicial proceedings), these receivables are then excluded from the statistical database and individually impaired.

Regarding the change in accounting policy described in note 2.5, as the Company does not have reliable information derived from historical data regarding the collectability of the cross-subsidised parts of the handset, the receivables (and the related Equipment revenue) have been estimated at fair value and accounted on a net basis.

Financial assets are fully or partially derecognised when:

- The rights to receive cash flows from the asset have expired.
- An obligation to pay the cash flows received from the asset to a third party has been assumed.
- The rights to receive cash flows from the asset have been transferred to a third party and all the risks and rewards of the asset have been substantially transferred.

#### **2.10.2 Financial assets or financial liabilities at fair value through profit or loss**

Financial assets at fair value through profit or loss are:

- assets held for trading that the Group acquired principally for the purpose of selling them in the short term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking;
- derivative assets not qualifying for hedge accounting.

## **Note 2—Accounting policies (Continued)**

### ***Recognition and measurement of financial liabilities***

#### **2.10.3 Borrowings and other liabilities**

Borrowings and other financial liabilities at amortised cost are recognised upon inception at fair value of the sums paid or received in exchange of the liability, and subsequently measured at amortised cost using the effective interest method. Current interest-free payables are booked at their nominal value.

Transaction costs that are directly related to the acquisition or issuance of a financial liability are deducted from its carrying value. The costs are subsequently amortised over the life of the liability by using the effective interest method.

Within the Group, some financial liabilities at amortised cost are subject to hedge accounting. They mostly relate to foreign currency borrowings in order to hedge future cash flows against changes in currency value (cash flow hedge).

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss consist mainly of derivative instruments described below.

#### **2.10.4 Recognition and measurement of hedging derivatives liabilities**

Derivatives are measured at fair value and are presented in the statement of financial position according to their maturity date whether or not they qualify for hedge accounting under IAS 39.

Derivatives are financial assets or liabilities measured at fair value through profit or loss and are classified in a separate line item of the statement of financial position when they qualify for hedge accounting.

Hedge accounting is applicable when:

- at the inception of the hedge there is a formal designation and documentation of the hedging relationship;
- at the inception of the hedge and in subsequent periods the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows related to the hedged risk during the period for which the hedge is designated (i.e. the actual results of the hedge are within a range of 80-125%).

Hedge accounting is the following:

- the cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular interest rate and/or currency risk associated with a recognised asset or liability or a highly probable forecast transaction (such as a future purchase or sale) and could affect profit or loss. The hedged item being not recognised, the effective portion of changes in fair value of the hedging instrument is recognised in other comprehensive income. Such amounts are recycled to profit or loss when the hedged financial asset or hedged financial liability affects the income statement. When the hedged item is not a financial asset or a financial liability, such amounts are reclassified in its initial cost.

Hedge accounting is terminated when the hedged item is no longer recognised, when the Group voluntarily revokes the designation of the hedging relationship, or when the hedging instrument is terminated or exercised. The accounting consequences are for:

- Cash flow hedge: amounts booked in other comprehensive income are immediately reclassified in profit or loss when the hedged item is no longer recognised or, in all other cases, when the hedged item affects profit or loss.

Subsequent changes in the value of the hedging instrument are recorded in profit or loss.

## **Note 2—Accounting policies (Continued)**

### **2.11 Inventory**

Inventory comprises handsets and related accessories for resale and is measured at the lower of their cost and their net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

Obsolete, defective or slow-moving inventories have been written down to estimated net realisable value. The recoverable amount of inventory is calculated based on inventory age and turnover.

### **2.12 Income and deferred taxes**

The income tax expense is reviewed each year and includes both current and deferred taxes.

Current tax is measured by the Group at the amount expected to be paid to or recovered from the tax authorities of each country, based on its interpretation with regard to the application of tax legislation.

Deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, using the liability method taking into account the tax rates, which are enacted or substantially enacted at the end of the reporting period. Deferred tax assets are recognised only when their realisation is considered probable.

Deferred tax assets arising from tax losses are not recognised under certain circumstances specific to each tax entity, and particularly when:

- entities cannot assess the probability of the tax loss carryforwards being set off against future taxable profits, due to forecasts horizon and uncertainties as to the economic environment;
- entities have not yet begun to use the tax loss carryforwards;
- entities do not expect to use the losses within the timeframe allowed by tax regulations;
- tax losses are uncertain to be used due to the risks of divergent interpretations with regard to the application of tax legislation.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### **2.13 Provisions**

A provision is recognised when the Group has a present obligation towards a third party as resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's actions where, by an established pattern of past practice or published policies creating a valid expectation on the part of other parties that the Group will discharge certain responsibilities.

The estimate of the amount of the provision corresponds to the probable outflow of resources likely to be incurred by the Group to settle its obligation.

## **Note 2—Accounting policies (Continued)**

Contingent liabilities are disclosed in the notes to the financial statements. They correspond to:

- probable obligations resulting from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control; or
- present obligations arising from past events that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with sufficient reliability.

### ***Litigation***

In the ordinary course of business, the Group is involved in a number of legal and arbitration proceedings and administrative actions. The costs that might result from these proceedings are only accrued when they are probable and when their amount can be quantified or estimated within a reasonable range. The amount of provision recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk.

### ***Restructuring***

Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan, prior to the end of the reporting period.

### ***Asset Retirement Obligation***

The Group is required to dismantle equipment and restore sites and office buildings. Provision is measured as the best estimate of the amount required to settle its obligations (on a per site basis for mobile antennas). These dismantling costs are calculated on the basis of the identified costs for the current financial year, extrapolated for future years using the best estimate of future trends in prices, inflation, etc., and are discounted at a risk-free rate (same discount rate as the one used for the employee benefits), based on market yields on high quality corporate bonds (or on government bonds when no corporate bond market exists). This estimate is revised at the end of each reporting period and adjusted, when appropriate. The asset to which the provision relates is also adjusted for the corresponding amount.

## **2.14 Employee benefits**

The Group is affiliated to a legally independent pension fund. The annual contributions to this fund are made by both employee and employer in accordance with unchanged regulatory provisions. This is a defined contribution plan according to Swiss legislation, but it qualifies as a defined benefit plan under IAS 19 due to the constructive obligation of the employer to guarantee a minimum rate of interest and a fixed conversion rate.

The plan is providing several categories of coverage and the employees' contributions are based on various percentages of their gross salaries. All employees are entitled to participate in the plan for retirement, disability or death. The Group's contributions exceed those of the employees. The risks of disability and death are entirely reinsured by an insurance company.

The Group's obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value of the obligation, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary in accordance with the projected unit credit method. The latest actuarial valuation was undertaken using data as at September 30, 2014 with a roll-forward of plan assets to December 31, 2014. Current pension entitlements are charged to income in the period in which they arise. Actuarial gains and losses are recorded in full under other comprehensive income in the reporting period in which they arise.

## **2.15 Cash & cash equivalents**

Cash and cash equivalents comprise cash on hand and at banks, deposits and other highly liquid investments with an original maturity of three months or less. These items are stated at historical cost, which does not differ significantly from realisable value.



## Note 2—Accounting policies (Continued)

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are shown net of any outstanding bank overdrafts.

## Note 3—Segment Information

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision-Maker (the Board of Directors), and have been prepared in accordance with the Group's accounting policies. The operating segments have been determined based on the Management Reports reviewed by the Board of Directors.

Assets and liabilities are not allocated to operating segments in the monthly management reports reviewed by the Board of Directors, as the review focuses on the development in net working capital for the Group.

The “Net margin” is the main measurement reported to the Board of Directors for the purposes of resource allocation and assessment of segment performance.

The Group activity is mainly operated in Switzerland.

The Group's internal reporting is based on the following segments:

- Consumer: relates to consumers
- Enterprise: relates to the Business, Wholesale & MVNO segments
- Other: mainly relates to head office activities

(in thousands of Swiss Francs)	Consumer		Enterprise		Other		Total	
	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
<b>Revenue</b>	<b>1,046,442</b>	<b>1,024,103</b>	<b>263,306</b>	<b>254,127</b>	<b>6,342</b>	<b>13,196</b>	<b>1,316,090</b>	<b>1,291,426</b>
Access, backbone, interconnection and content costs	(137,190)	(151,486)	(51,808)	(50,071)	(138)	(3,422)	(189,135)	(204,979)
Commercial expenses and cost of equipment sold	(325,983)	(319,834)	(83,859)	(67,075)	(856)	(1,019)	(410,698)	(387,929)
<b>Net Margin</b>	<b>583,269</b>	<b>552,783</b>	<b>127,639</b>	<b>136,980</b>	<b>5,348</b>	<b>8,755</b>	<b>716,256</b>	<b>698,518</b>

**Note 3—Segment Information (Continued)****Net margin to Operating profit / (loss) before tax reconciliation:**

<b>(in thousands of Swiss Francs)</b>	<b>January 1, 2014 to December 31, 2014</b>	<b>January 1, 2013 to December 31, 2013</b>
<b>Net Margin</b>	<b>716,256</b>	<b>698,518</b>
Network, IT, property expenses and other purchases	(163,876)	(173,516)
Labour expenses	(107,013)	(113,127)
Other operating expenses	(31,149)	(33,325)
Other operating income	18,515	9,936
<b>Adjusted EBITDA</b>	<b>432,734</b>	<b>388,487</b>
Result on disposal and other gains	844	13
Restructuring, transition and transaction costs	(35,618)	(22,949)
Corporate and brand fees	(19,617)	(21,410)
<b>EBITDA</b>	<b>378,343</b>	<b>344,140</b>
Depreciation, amortization and impairment	(258,534)	(329,312)
<b>Operating profit / ( loss)</b>	<b>119,810</b>	<b>14,828</b>
Finance costs	(114,475)	(99,214)
Finance income	14,176	8,224
<b>Finance costs, net</b>	<b>(100,299)</b>	<b>(90,990)</b>
<b>Profit / ( loss) before tax</b>	<b>19,510</b>	<b>(76,163)</b>

**Note 4—Business combinations****4.1 Purchase Price Allocation (“PPA”)**

On December 23, 2011, France Telecom and Apax Partners signed an agreement under which 100% of Orange Switzerland was sold to investment funds advised by Apax Partners to complete their portfolio of investments in the Technology and Telecommunications sector. The transaction was approved by competent competition and regulatory authorities.

The acquisition of Orange Switzerland by Apax Partners (indirectly via Matterhorn Mobile Holdings S.A.) was effective on February 29, 2012 (“the Transaction Date”).

#### Note 4—Business combinations (Continued)

The following table summarizes the consideration paid for Orange Switzerland, the carrying value of the net assets acquired as at the transaction date and the fair value of the identifiable assets acquired and liabilities assumed by allocating the purchase price consideration for Orange Switzerland:

(in thousands of Swiss Francs)	Carrying value at February 29, 2012	Allocation of purchase price	Fair value at February 29, 2012
Other intangible assets			
<i>o/w Customer contracts</i>	—	776,000	776,000
<i>o/w Reseller Agreements</i>	—	8,000	8,000
<i>o/w MVNO Agreements</i>	—	19,000	19,000
<i>o/w Licences</i>	23,600	(16,957)	6,643
Other non-current assets	956,000	—	956,000
<b>Total non-current assets</b>	<b>979,600</b>	<b>786,043</b>	<b>1,765,643</b>
<b>Total current assets</b>	<b>394,965</b>	<b>—</b>	<b>394,965</b>
<b>Total non-current liabilities (1)</b>	<b>645,083</b>	<b>180,532</b>	<b>825,615</b>
<b>Total current liabilities</b>	<b>510,349</b>	<b>—</b>	<b>510,349</b>
<b>Asset classified as held for sale</b>	<b>18,057</b>	<b>9,023</b>	<b>27,080</b>
Net assets acquired	<b>237,190</b>	<b>614,535</b>	<b>851,725</b>
<i>o/w attributable to owners of the Parent</i>	237,190	614,535	851,725
<b>Initial purchase price</b>			<b>1,320,329</b>
Purchase price adjustment (2)			(3,043)
<b>Final purchase price</b>			<b>1,317,286</b>
<b>Goodwill arising on acquisition</b>			<b>465,561</b>

(1) Total non-current liabilities include deferred tax liabilities recognised on PPA.

(2) Following the Completion period requirements, the purchase price has been adjusted by CHF 3.0 million.

Customer contracts, Reseller and MVNO agreements are the key intangible assets and were measured using the future cash flows generated by existing subscribers at the transaction date. They are respectively amortised given the contract duration and the probability of renewal of those contracts:

—Customer contracts: 4 to 10 years

—Reseller agreements: 5 years

—MVNO agreements: 4 years

The fair value of existing licences has been adjusted by CHF 17.0 million down to CHF 6.6 million to reflect the price paid for new licences during the auction process which takes place in February 2012. The remaining useful life of these licences was approximately 5 years as at the transaction date.

The fair value of software and property, plant and equipment was considered to be approximately the same as their historical net carrying value.

Pursuant to the Acquisition Agreement, a purchase price adjustment up to CHF 270.0 million is owed by the Company to France Telecom in the event of a combination with Sunrise Mobile Communications AG (hereafter, “Sunrise”) within five years of the Completion Date. In addition, if such a combination or certain other strategic cooperation transactions occur within the same period, as a result of which, APEM receives at least 2.5 times (on a cash basis) its original investment in the Group, the Senior Secured Notes Issuer (Matterhorn Mobile S.A.) will be obligated to pay an “earn out” to France Telecom in an amount equal to a percentage of APEM’s cash return on its investment in excess of the 2.5x threshold up to a cap.

## **Note 4—Business combinations (Continued)**

The transaction announced with NJJ Capital at the end of December 2014 does not trigger this earn-out.

According to IFRS 3—Business combinations, in the framework of a purchase price allocation, this conditional liability should be considered as contingent consideration. However, there is no plan at the issuance date of the consolidated financial statements for any combination with Sunrise. Therefore, the Group cannot estimate a reliable future cash flow out in connection with a potential combination with Sunrise. Consequently, the Group did not evaluate any implication of this contingent consideration in the allocation of the purchase price.

The consolidation of Orange Switzerland in Matterhorn Mobile Holdings S.A. led to the recognition of CHF 465.6 million in goodwill. The Goodwill arising on the acquisition is not deductible for tax purposes.

This remaining Goodwill relates to:

- Any potential cost savings and margin improvements from network sharing agreements and other cost savings plans
- Value generated from sales to new subscribers
- Value generated from sales relating to new product offerings and bundle offers
- Value represented by the assembled workforce

### **4.2 Impairment tests**

IAS 36: Impairment of Assets seeks to ensure that an entity's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use). With the exception of goodwill and certain intangible assets for which an annual impairment test is required, entities are required to conduct impairment tests where there is an indication of impairment of an asset, and the test may be conducted for a 'cash-generating unit' where an asset does not generate cash inflows that are largely independent of those from other assets.

#### **a. Other Intangible assets**

An annual reassessment of assets subject to PPA has been performed as required by IAS36. It led to a full Impairment of UPC Cablecom and Lyca MVNO contracts for an amount of CHF4.9 million as at December 31, 2014 as their development has not grown as expected (CHF 2.3 million as at December 31, 2013 regarding the Ortel MVNO contract).

#### **b. Goodwill**

Goodwill as of December 31, 2014 amounts to CHF 465.6 million. As per IAS 36, goodwill is tested for impairment annually.

##### **1. CGU definition and goodwill allocation**

To test for impairment, goodwill must be allocated to each of the acquirer's cash-generating units ("CGU"), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated shall:

- represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with IFRS 8 Operating Segments

## Note 4—Business combinations (Continued)

Both Consumer and Enterprise operating segments are considered to be the lowest level at which goodwill is monitored and are therefore eligible for impairment testing. Based on Operating Revenues as a key indicator, goodwill has been allocated between these two CGUs as follows:

(in thousands of Swiss Francs)	Allocation key	Allocation rate	Allocated Goodwill
Consumer	Operating revenue	79%	369,190
Enterprise	Operating revenue	21%	96,371
<b>Goodwill</b>		<b>100%</b>	<b>465,561</b>

### 2. Key assumptions and impairment testing

A cash-generating unit to which goodwill has been allocated shall be tested for impairment at least annually by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit:

—if the recoverable amount of the unit exceeds its carrying amount, the unit (including the goodwill allocated to it) is not impaired

—if the carrying amount of the unit exceeds its recoverable amount, an impairment loss must be recognized

At the end of each reporting period, an entity is required to assess whether the goodwill may be impaired (i.e. its carrying amount may be higher than its recoverable amount).

The basis chosen to calculate both CGU's recoverable value is "value in use".

The following key assumptions have been used in the economic model (Discounted Cash Flows "DCF" model) used for impairment testing:

— Perpetual growth:	0.5% (1.0% in 2013)
— Discount rate (WACC) after tax:	6.5% (6.7% in 2013)

These hypotheses have been calculated by taking into account the following economic criteria:

— Geographic area:	Switzerland and Liechtenstein
— Industry sector:	Telecommunications
— Market assessment:	Mature
— Investment requirements:	High
— Commercial position:	Major player (3 <sup>rd</sup> operator)
— Effective tax rate:	22.51% (22.44% in 2013)

More specifically, perpetual growth rate considers both economic environment and market conditions, weighted by 1/3 and 2/3 factors respectively. Economic environment assessment relies on economic growth projections built by public and private financial institutions.

The DCF model uses a projection of the most reliable information available as of the testing date and for the next 5 years in order to measure free cash flows generated by operations.

—2015 is based on budget

—2016 and 2017 are based on the Company's business plans

—2018 and 2019 are an extrapolation of 2016 figures applying an annual growth rate of 0.5% (1% in 2013).

The perpetual growth rate is taken into account for the calculation of the terminal value in the DCF valuation model.



## Note 4—Business combinations (Continued)

Based on the above, no impairment charge has been recorded as of December 31, 2014.

### 3. Sensitivity analysis

A sensitivity analysis has been performed on recoverable values, based on significant variations of the perpetual growth rate (-3%), the discount rate after tax (+3%) and expected cash-flows after tax (-30%). The outcome of the impairment test was not sensitive to reasonable changes in the period presented.

## Note 5—Sales

### 5.1 Revenue

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Network (1)	1,058,101	1,109,211
Equipment (2)	177,892	103,468
Other mobile services	75,808	72,899
Other revenue	4,290	5,848
<b>Revenue</b>	<b>1,316,090</b>	<b>1,291,426</b>

(1) include a negative impact of the change in accounting policy amounting to CHF (4.6) million—please refer to note 2.5

(2) include a positive impact of the change in accounting policy amounting to CHF 37.8 million—please refer to note 2.5

### 5.2 Trade receivables

Trade receivables are presented as follows at the face of the statement of financial position:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Non-current	35,081	—
Current	317,202	294,969
<b>Trade receivables</b>	<b>352,284</b>	<b>294,969</b>

Non-current trade receivables are in relation with the change in accounting policy describe in note 2.5.

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Gross trade receivables	389,069	298,403
Provision for doubtful debts	(36,784)	(3,434)
<b>Trade receivables</b>	<b>352,284</b>	<b>294,969</b>

The increase of the provision for doubtful debts in 2014 is the consequence of the billing and collection process issues following the IT Transformation.

The provision for doubtful debts as at December 2014 mainly concerns receivables over 120 days.

Gross trade receivables are broken down as follows:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Gross trade receivables past due	131,496	62,598
Gross trade receivables not past due	257,573	235,805
<b>Gross trade receivables</b>	<b>389,069</b>	<b>298,403</b>

## Note 5—Sales (Continued)

The following table provides an ageing balance of gross trade receivables past due:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Past due—under 60 days	70,979	53,620
Past due—60 to 120 days	24,460	5,612
Past due—over 120 days	36,057	3,367
<b>Gross trade receivables past due</b>	<b>131,496</b>	<b>62,598</b>

The Group outsources part of its receivables collection. Customer receivables are transferred to an agency if overdue by 121 days or more. Enterprise and MVNO customers are treated on a case by case basis.

In 2014, the Group transferred certain trade receivables to Intrum Justicia for cash. These financial assets are derecognised in their entirety at the date of the transfer. However, the Group continues to have an involvement in the next 6 months following the transfer in very specific cases. In case of rejection of the receivables by Intrum Justicia AG, the Group has to repurchase the derecognised asset. In this case, the repurchase is accounted for as a loss in the consolidated statement of profit / (loss). This repurchase has no material effect in the Group's accounts.

Tables below provide an analysis of the changes in provision for trade receivables in the statement of financial position:

(in thousands of Swiss Francs)	December 31, 2013	Change in provision	December 31, 2014
<b>Provision for doubtful debts</b>	<b>(3,434)</b>	<b>(33,350)</b>	<b>(36,784)</b>

(in thousands of Swiss Francs)	December 31, 2012	Change in provision	December 31, 2013
<b>Provision for doubtful debts</b>	<b>(4,093)</b>	<b>659</b>	<b>(3,434)</b>

### 5.3 Deferred income

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Prepaid telephone cards	17,729	21,865
Other deferred income	7,344	7,196
<b>Deferred income</b>	<b>25,073</b>	<b>29,061</b>

## Note 6—Purchases and Restructuring, transaction and transition costs

### 6.1 Access, backbone, interconnection and content costs

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Interconnection costs	(152,655)	(169,520)
Transmission leased lines	(17,239)	(19,485)
Fixed network costs	(3,095)	(5,320)
Content costs	(16,146)	(10,654)
<b>Access, backbone , interconnection and content costs</b>	<b>(189,135)</b>	<b>(204,979)</b>

**Note 6—Purchases and Restructuring, transaction and transition costs (Continued)**

**6.2 Commercial expenses and cost of equipment sold**

<b>(in thousands of Swiss Francs)</b>	<b>January 1, 2014 to December 31, 2014</b>	<b>January 1, 2013 to December 31, 2013</b>
Cost of equipment sold	(248,930)	(222,343)
Commercial expenses	(161,768)	(165,586)
<b>Commercial expenses and cost of equipment sold</b>	<b>(410,698)</b>	<b>(387,929)</b>

**6.3 Network, IT, property expenses and other purchases**

<b>(in thousands of Swiss Francs)</b>	<b>January 1, 2014 to December 31, 2014</b>	<b>January 1, 2013 to December 31, 2013</b>
Network and IT expenses	(55,451)	(54,222)
Property expenses	(62,231)	(64,886)
Subcontracting and professional services	(25,380)	(34,380)
Other purchases	(20,814)	(20,028)
<b>Network , IT, property expenses and other purchases</b>	<b>(163,876)</b>	<b>(173,516)</b>

**6.4 Restructuring, transition and transaction costs**

<b>(in thousands of Swiss Francs)</b>	<b>January 1, 2014 to December 31, 2014</b>	<b>January 1, 2013 to December 31, 2013</b>
Restructuring costs	(3,289)	(15,894)
Transition costs	(32,281)	(7,028)
Transaction costs	(48)	(28)
<b>Restructuring, transition and transaction costs</b>	<b>(35,618)</b>	<b>(22,949)</b>

In 2014, transition costs were incurred in the context of the Group's IT Transformation project.

In 2013, transaction costs were immaterial. Transition costs are expenses related to all structural business changes occurring in order to implement a new strategic plan. Those transition costs mainly include IT transformation deployment costs, including penalties or commitments for decommissioned software which will no longer be used after transformation.

**6.5 Inventories**

<b>(in thousands of Swiss Francs)</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Handsets	17,218	20,048
Other products/services sold	1,269	2,176
<b>Gross value</b>	<b>18,487</b>	<b>22,224</b>
Provisions	(1,369)	(1,058)
<b>Inventories</b>	<b>17,119</b>	<b>21,166</b>

## Note 7—Fixed assets

### 7.1 Intangible assets

Intangible assets were as follows as at December 31, 2014:

(in thousands of Swiss Francs)	December 31, 2014			
	Cost	Accumulated depreciation and amortization	Impairment	Net
Telecommunication licenses	198,902	(54,986)	—	143,917
Softwares	115,163	(56,079)	(4,102)	54,982
Customer contracts	776,000	(235,025)	—	540,975
Reseller Agreements	8,000	(4,533)	—	3,467
MVNO agreements	19,000	(11,776)	(7,224)	—
Other intangibles assets	22,300	(13,667)	(69)	8,564
<b>Intangible assets</b>	<b>1,139,366</b>	<b>(376,066)</b>	<b>(11,395)</b>	<b>751,904</b>

The following Intangible assets result from the Purchase Price Allocation described in note 4:

- Customer contracts
- Reseller agreements
- MVNO agreements

Intangible assets were as follows as at December 31, 2013:

(in thousands of Swiss Francs)	December 31, 2013			
	Cost	Accumulated depreciation and amortization	Impairment	Net
Telecommunication licenses	199,068	(45,222)	—	153,846
Softwares	818,057	(715,240)	(49,795)	53,022
Customer contracts	776,000	(152,075)	—	623,925
Reseller Agreements	8,000	(2,933)	—	5,067
MVNO agreements	19,000	(8,708)	(2,316)	7,976
Other intangibles assets	46,217	(27,265)	(10,650)	8,302
<b>Intangible assets</b>	<b>1,866,342</b>	<b>(951,443)</b>	<b>(62,760)</b>	<b>852,138</b>

Intangible assets under construction amounted to CHF 10.7 million as at December 31, 2014 (CHF 20.9 million as at December 31, 2013).

Movements in the Net Book Value of Intangible assets were as follows:

(in thousands of Swiss Francs)	Telecomm- unication licenses	Softwares	Customer contracts	Reseller Agreements	MVNO agreements	Other Intangibles assets	TOTAL
Opening balance as at January 01, 2014	153,846	53,022	623,925	5,067	7,976	8,302	852,138
Acquisitions	—	20,383	—	—	—	2,628	23,011
Depreciation, amortization and Impairment	(9,764)	(18,577)	(82,950)	(1,600)	(7,976)	(1,918)	(122,785)
Other movements	(166)	155	—	—	—	(448)	(459)
<b>Closing balance as at December 31, 2014</b>	<b>143,917</b>	<b>54,982</b>	<b>540,975</b>	<b>3,467</b>	<b>—</b>	<b>8,564</b>	<b>751,904</b>

**Note 7—Fixed assets (Continued)**

<b>(in thousands of Swiss Francs)</b>	<b>Telecomm- unication licenses</b>	<b>Softwares</b>	<b>Customer contracts</b>	<b>Reseller Agreements</b>	<b>MVNO agreements</b>	<b>Other Intangibles assets</b>	<b>TOTAL</b>
Opening balance as at January 01, 2013	159,351	99,394	706,875	6,667	15,042	21,906	1,009,233
Acquisitions	373	44,546	—	—	—	2,590	47,509
Depreciation, amortization and Impairment	(5,878)	(87,319)	(82,950)	(1,600)	(7,066)	(16,642)	(201,454)
Other movements	—	(3,597)	—	—	—	447	(3,150)
<b>Closing balance a s at December 31, 2013</b>	<b>153,846</b>	<b>53,022</b>	<b>623,925</b>	<b>5,067</b>	<b>7,976</b>	<b>8,302</b>	<b>852,138</b>

On February 23, 2012, ComCom (“Commission fédérale de la communication”) and OFCOM (“Office fédéral de la communication”) announced the results of the auction of mobile radio frequencies. The auction, which ran from February 6 to February 22, 2012, related to the renewal of current licenses for the 900, 1800 and 2100 MHz bands, as well as to the new 800 and 2600 MHz LTE bands. Under the auction process, the new frequency allocation between the three mobile operators Orange, Sunrise and Swisscom, was determined by the bidders rather than a public authority. Orange obtained 160 MHz spread between the seven bands available for a purchase price of CHF 154.7 million. The new licenses granted in the auction start from 2013 to 2017 and last until the end of 2028.

The impairment loss recognised in 2014 amounted to CHF 5.0 million and was mainly related to the MVNO’s impairment described in note 4.2 (CHF 58.7 million at December 31, 2013—mainly results from the Group’s IT transformation project).

**Capitalised expenditure**

The labour expenses capitalised during the year amounted to CHF3.6 million (CHF7.1 million as at December 2013).

**7.2 Property, Plant and Equipment**

Tangible assets were as follows as at December 31, 2014:

<b>(in thousands of Swiss Francs)</b>	<b>December 31, 2014</b>			
	<b>Cost</b>	<b>Accumulated depreciation and amortization</b>	<b>Impairment</b>	<b>Net</b>
Land and buildings	127,918	(67,586)	(12,244)	48,088
Network	2,194,076	(1,529,996)	(40,978)	623,101
IT equipment	27,450	(12,749)	(4,750)	9,951
Other property, plant and equipment	26,832	(21,822)	(2,147)	2,862
<b>Property, Plant and Equipment</b>	<b>2,376,275</b>	<b>(1,632,152)</b>	<b>(60,120)</b>	<b>684,003</b>



## Note 7—Fixed assets (Continued)

Tangible assets were as follows as at December 31, 2013:

(in thousands of Swiss Francs)	December 31, 2013			
	Cost	Accumulated depreciation and amortization	Impairment	Net
Land and buildings	128,850	(74,747)	(8,246)	45,857
Network	2,085,851	(1,451,504)	(30,417)	603,930
IT equipment	221,212	(201,177)	(6,360)	13,675
Other property, plant and equipment	27,760	(23,594)	(1,525)	2,641
<b>Property , Plant and Equipment</b>	<b>2,463,673</b>	<b>(1,751,022)</b>	<b>(46,549)</b>	<b>666,102</b>

Tangible assets under construction amounted to CHF 54.7 million as at December 31, 2014 (CHF 86 million as at December 31, 2013).

The Group has no finance lease as at December 31, 2014 and 2013.

Movements in the Net Book Value of Tangibles assets were as follows:

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at January 01, 2014	45,857	603,930	13,675	2,641	666,102
Acquisitions	9,945	122,644	804	1,711	135,103
Depreciation, amortization and Impairment	(9,361)	(120,371)	(4,527)	(1,489)	(135,749)
Other movements	1,648	16,898	—	—	18,546
<b>Closing balance as at December 31, 2014</b>	<b>48,088</b>	<b>623,101</b>	<b>9,951</b>	<b>2,862</b>	<b>684,003</b>

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at January 01, 2013	46,548	607,313	19,837	5,150	678,848
Acquisitions	8,315	107,584	7,321	22	123,241
Depreciation, amortization and Impairment	(8,935)	(102,893)	(13,482)	(2,547)	(127,858)
Other movements	(72)	(8,074)	—	16	(8,130)
<b>Closing balance as at December 31, 2013</b>	<b>45,857</b>	<b>603,930</b>	<b>13,675</b>	<b>2,641</b>	<b>666,102</b>

Impairment loss recognised in 2014 amounted to CHF 15.5 million and was mainly related to Network and Land & buildings (CHF 20.5 million in 2013).

### Capitalised expenditure

The labour expenses capitalised during the year amounted to CHF2.6 million (CHF2.3 million as at December 2013).

## Note 7—Fixed assets (Continued)

### 7.3 Fixed assets payables

Fixed assets payables mainly consist of:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Spectrum licence payables	66,507	64,521
Other fixed assets payables	66,140	70,166
<b>Fixed assets payables</b>	<b>132,647</b>	<b>134,687</b>

On July 4, 2012, Orange opted to pay for its spectrum allocations in instalments of:

- 60% (equivalent to CHF 92.8 million) by August 6, 2012;
- 20% by June 30, 2015;
- and the remaining 20% by December 31, 2016.

The spectrum license payables bear interest at a rate of 3% starting from August 6, 2012. Accrued interests amounted to CHF 4.6 million as of December 31, 2014 (CHF 2.6 million as of December 31, 2013).

### 7.4 Purchases of Property, Plant, Equipment and Intangible assets

For cash flow statement purposes, purchases of Property, Plant, Equipment and Intangible assets were as follows:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Investment in property, plant and equipment and intangible assets	(158,114)	(170,751)
Increase / (decrease) in amounts due to fixed assets suppliers	(2,040)	13,183
<b>Purchases of property, plant and equipment and intangible assets</b>	<b>(160,154)</b>	<b>(157,569)</b>

## Note 8—Income Tax

### 8.1 Corporate income Tax profit / (loss)

Orange Communications S.A. and Orange Network S.A. are liable for taxes in all Swiss cantons based on an inter-cantonal allocation at various rates. With this regard and considering the tax holidays granted by the cantons (full or partial), the current average tax rate is our estimated rate of 22.51% (22.44% in 2013) based on the statutory tax rates applicable in Switzerland, which can potentially vary in the upcoming years.

The Group is liable for capital and income taxes. Matterhorn Mobile S.A. and Matterhorn Mobile Holdings S.A., which are registered in Luxemburg, are subject to an income tax at a rate of 29.22% (29.22% in 2013).

In Luxemburg, companies may carry over losses until they are used up for an unlimited number of years to offset taxable profits. In Switzerland, tax losses are normally available to be set off against future taxable income for a period of seven years. Orange Communications S.A. benefited from tax holidays (full or partial) for the initial 10 fiscal periods following the incorporation for the cantons where the Company is subject to the main element of taxation. It is, however, subject to taxes at the federal level, as well as from various other cantons. Orange Network SA and Orange (Liechtenstein) AG do not benefit from tax holidays.

## Note 8—Income Tax (Continued)

The income tax is broken down as follows:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
<b>Total tax expense relating to continuing operations</b>	<b>(3,983)</b>	<b>17,850</b>
—Current tax expense in respect of the current year	(169)	(241)
—Deferred tax income / (expense)	(3,814)	18,091

### 8.2 Group Tax proof

The reconciliation between effective income tax expense and the theoretical tax calculated based on the Luxemburg statutory tax rate is as follows:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
<b>Profit / ( loss) before tax</b>	<b>19,510</b>	<b>(76,163)</b>
Income tax rate	29.22%	29.22%
<b>Theoretical income tax income / (expense)</b>	<b>(5,701)</b>	<b>22,255</b>
Reconciliation items:		
Effect on deferred tax balances due to the change in income tax rate	(347)	1,682
Effect of different tax rates of subsidiaries operating in other jurisdictions	5,564	1,688
Reassessment of previous years deferred tax asset	—	(5,324)
Deferred tax assets not recognized on temporary differences and tax loss carry forwards arising in the period	(642)	(1,839)
Impairment of deferred tax assets	(3,039)	(1,076)
Other	182	463
<b>Income tax expense recognised in profit or loss</b>	<b>(3,983)</b>	<b>17,850</b>

### 8.3 Statement of financial position—tax position

The tax position by class of temporary difference is as follows:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Pension provision	9,172	6,057
Intangible assets	(121,365)	(141,060)
Tax loss carryforwards	76,545	90,831
Hedge accounting & Instalment accounting	(25,383)	(16,010)
Other	130	130
<b>Net deferred taxes—Group</b>	<b>(60,900)</b>	<b>(60,052)</b>
—Deferred tax assets	17,788	21,080
—Deferred tax liabilities	(78,688)	(81,132)

In 2007 and 2008, the licences and the radio access network were sold by Orange Communications SA to Orange Network SA at fair value, resulting in a capital gain which has been eliminated on consolidation. This created a temporary tax difference which will be consumed over the remaining useful life of the underlying assets (between 5 and 20 years depending on the nature of each asset).

## Note 8—Income Tax (Continued)

### 8.4 Change in Group net deferred taxes

(in thousands of Swiss Francs)	January 1, 2014	Recognized as a profit or loss	Recognized in other comprehensive income	December 31, 2014
Pension	6,057	899	2,216	9,172
Intangible assets	(141,060)	19,695	—	(121,365)
Tax loss carryforwards	90,831	(14,285)	—	76,545
Hedge accounting & Instalment accounting	(16,010)	(10,123)	750	(25,383)
Other	130	—	—	130
<b>Temporary differences</b>	<b>(60,052)</b>	<b>(3,814)</b>	<b>2,966</b>	<b>(60,900)</b>

(in thousands of Swiss Francs)	January 1, 2013	Recognized as a profit or loss	Recognized in other comprehensive income	December 31, 2013
Pension	11,929	1,478	(7,350)	6,057
Intangible assets	(166,841)	25,782	—	(141,060)
Tax loss carryforwards	96,180	(5,349)	—	90,831
Hedge accounting	(10,725)	(3,819)	(1,466)	(16,010)
Other	130	—	—	130
<b>Temporary differences</b>	<b>(69,328)</b>	<b>18,091</b>	<b>(8,816)</b>	<b>(60,052)</b>

Deferred tax assets not recognised as at the reporting date are as follows:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
—unused tax losses	3,684	13,574
—temporary differences	47,947	63,044
<b>Unrecognized deferred tax assets</b>	<b>51,631</b>	<b>76,618</b>

## Note 9—Provisions

(in thousands of Swiss Francs)	January 1, 2014	Additions	Used	Released	Discounting	December 31, 2014
Restructuring provisions	4,165	3,590	(5,645)	(301)	—	1,809
Provisions for dismantling and restoring sites	81,555	18,785	(4,097)	—	987	97,230
Other provisions	3,301	59	—	(958)	—	2,402
<b>Provisions</b>	<b>89,022</b>	<b>22,435</b>	<b>(9,742)</b>	<b>(1,260)</b>	<b>987</b>	<b>101,441</b>
<i>of which non-current provisions</i>	81,150	17,904	(3,454)	—	987	96,586
<i>of which current provisions</i>	7,871	4,531	(6,288)	(1,260)	—	4,855

(in thousands of Swiss Francs)	January 1, 2013	Additions	Used	Released	Discounting	December 31, 2013
Restructuring provisions	5,007	15,288	(16,130)	—	—	4,165
Provisions for dismantling and restoring sites	91,998	728	(730)	(12,006)	1,565	81,555
Other provisions	697	2,892	—	(289)	—	3,301
<b>Provisions</b>	<b>97,702</b>	<b>18,909</b>	<b>(16,860)</b>	<b>(12,295)</b>	<b>1,565</b>	<b>89,022</b>
<i>of which non-current provisions</i>	91,593	324	(326)	(12,006)	1,565	81,150
<i>of which current provisions</i>	6,109	18,586	(16,535)	(289)	—	7,871

## Note 9—Provisions (Continued)

The approach and underlying assumptions used for calculating the provisions for dismantling and restoring sites are described in Note 2.

## Note 10—Employee benefits

### 10.1 Labour expenses

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Wages, social contributions & individual incentive / bonus plans	(106,473)	(118,407)
Capitalised Labour	6,256	9,390
Post-employment benefits	(6,795)	(4,109)
<b>Labour expenses</b>	<b>(107,013)</b>	<b>(113,127)</b>

The wages, social contributions & individual incentive / bonus plans include the wages, bonus and related social charges. Capitalised labour reflects the time spent by Orange Communications S.A. employees on tangible and intangible assets. Post-employment benefits include the actual expenses and the related actuarial impacts.

### 10.2 Employee benefits

The Group's employees are insured for the risks of old age, death and disability.

Under this plan the retirement benefit is determined by the amount in the employee retirement savings account at the time of retirement. If an employee retires at the normal retirement age (64), the saving account is converted into a retirement pension at a rate of 6.49%. If the employee retires before the age of 58, his saving account is converted into a retirement pension at a lower rate.

Actuarial valuations of the plan assets and of the defined benefit obligation were carried out at December 31, 2014 and 2013 by an external actuarial expert. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2014	2013
Discount rate	1.25%	2.50%
Salary increase	1.50%	1.50%
Cost-of-living adjustment	0.00%	0.00%
Interest credit on total account balance	1.25%	2.50%
Mortality and disability—Swiss official tables	Swiss BVG 2010	Swiss BVG 2010

The evaluation is done on a yearly basis.

The amount recognised in the consolidated statement of financial position in respect of the Group's defined benefit retirement plan is as follows:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Present value of funded obligations	(168,181)	(150,928)
Fair value of plan assets	127,434	123,942
Present value of net obligations	(40,747)	(26,986)
<b>Employee benefit obligations</b>	<b>(40,747)</b>	<b>(26,986)</b>



## Note 10—Employee benefits (Continued)

The amount recognised in the consolidated statement of profit / (loss) in respect of the defined benefit plan is as follows:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Service costs	7,336	4,079
Net interest expenses	485	636
<b>Net periodic pension cost</b>	<b>7,821</b>	<b>4,715</b>

Service costs were determined as follows:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Current service cost	10,268	12,418
Past Service costs—Plan amendments	—	(1,778)
Settlement (gains) / loss (1)	(2,932)	(6,561)
<b>Service costs</b>	<b>7,336</b>	<b>4,079</b>

(1) The term “settlement” refers to non-routine settlements. Routine lump sum payments are included in benefit payments and gains or losses on those routine payments are included in experience gains and losses.

Change in the present value of the defined benefit obligation is as follows:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Defined Benefit Obligation (DBO) at the beginning of period	150,928	182,658
Current Service cost	10,268	12,418
Interest cost	3,502	2,802
Employee contributions	3,888	4,444
Actuarial (gain) / loss—experience	(4,003)	(7,626)
Actuarial (gain) / loss—financial assumptions	22,092	(12,612)
Past service cost—plan amendments	—	(1,778)
Benefits paid	(9,430)	(7,795)
Settlements	(9,064)	(21,583)
<b>Defined Benefit Obligation (DBO) at the end of the period</b>	<b>168,181</b>	<b>150,928</b>

The duration of the DBO is 19.1 years (19.5 years as at December 31, 2013).

The plan assets consist of the following categories of assets:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Equity Securities	35%	36%
Bonds Securities	40%	39%
Real Estate / Property	15%	15%
Other	10%	10%
	<b>100%</b>	<b>100%</b>

The strategic asset allocation is diversified within the requirements of providing long-term returns with an acceptable level of risk. The plan assets are primarily invested in listed strategies which insure good liquidity.

# **Note 10—Employee benefits (Continued)**

Change in the fair value of plan assets is as follows:

<b>(in thousands of Swiss Francs)</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Fair value of plan assets at the beginning of period	123,942	130,672
Actual return on plan assets	11,363	6,939
Employer contributions	3,803	4,704
Employee contributions	3,888	4,444
Benefits paid	(9,430)	(7,795)
Settlements	(6,132)	(15,022)
<b>Fair value of plan assets at the end of the period</b>	<b>127,434</b>	<b>123,942</b>

The actual return on assets during the year is 9.2% (5.6% as at December 31, 2013).

The movement in the net liability during the year is as follows:

<b>(in thousands of Swiss Francs)</b>	<b>December 31, 2014</b>	<b>December 31, 2013</b>
Accrued pension cost at the beginning of period	(26,986)	(51,986)
Net periodic pension cost	(7,821)	(4,715)
Employer contributions	3,803	4,704
Total Amount Recognised in OCI	(9,743)	25,010
<b>Accrued pension cost at the end of the period</b>	<b>(40,747)</b>	<b>(26,986)</b>

The expected employer contribution for 2015 amounts to CHF 6.2 million.

The variations resulting from changes in actuarial assumptions have been summarized in the following sensitivity analysis:

<b>(in thousands of Swiss Francs)</b>	<b>Current Assumption</b>	<b>Sensitivity change</b>	<b>DBO change</b>	<b>NC change</b>
Discount rate	1.25%	0.50% increase	(15,064)	(1,352)
		0.50% decrease	17,361	1,600
Salary increase	1.50%	0.50% increase	4,715	335
		0.50% decrease	(3,176)	(246)
Cost-of-living adjustment	0.00%	0.50% increase	8,434	633
		0.00% decrease	—	—
Interest credit on total account balance	1.25%	0.50% increase	4,602	661
		0.50% decrease	(3,447)	(602)
Mortality and disability—Swiss official tables	Life Table BVG 2010	Increase of 1 year in expected lifetime of participants at age 65	2,676	153
		Decrease of 1 year in expected lifetime of participants at age 65	(2,670)	(144)

For any change in actuarial assumption, sensitivity analysis assesses the impact on both defined benefit obligation (DBO) and current service cost (NC). In each situation only one assumption is modified while other parameters remain unchanged.

## Note 11—Financial assets / liabilities and financial results

### 11.1 Financial assets / liabilities

#### Assets

(in thousands of Swiss Francs)	December 31, 2014			December 31, 2013		
	Current	Non-current	Total	Current	Non-current	Total
Derivatives	6,959	13,290	20,249	7,667	15,361	23,028
<b>Derivatives</b>	<b>6,959</b>	<b>13,290</b>	<b>20,249</b>	<b>7,667</b>	<b>15,361</b>	<b>23,028</b>

#### Liabilities

(in thousands of Swiss Francs)	December 31, 2014			December 31, 2013		
	Current	Non-current	Total	Current	Non-current	Total
<b>Borrowings and other financial liabilities</b>	<b>23,230</b>	<b>1,214,934</b>	<b>1,238,164</b>	<b>23,718</b>	<b>1,221,666</b>	<b>1,245,384</b>
Loan with shareholder	—	2,800	2,800	—	—	—
Bonds	—	1,212,134	1,212,134	—	1,221,666	1,221,666
Accrued interest on bonds	23,158	—	23,158	23,637	—	23,637
Other	72	—	72	81	—	81
<b>Derivatives</b>	<b>8,821</b>	<b>15,499</b>	<b>24,319</b>	<b>6,099</b>	<b>2,732</b>	<b>8,831</b>
Derivatives	8,821	15,499	24,319	6,099	2,732	8,831
<b>Borrowings, derivatives and other financial liabilities</b>	<b>32,051</b>	<b>1,230,433</b>	<b>1,262,483</b>	<b>29,817</b>	<b>1,224,398</b>	<b>1,254,215</b>

In February 2012, the Group issued the following bonds:

- CHF 450 million of 6.75% senior secured notes due 2019, EUR 150 million floating rate senior secured notes due 2019 and EUR 180 million floating rate senior secured notes due 2019 by Matterhorn Mobile S.A.
- EUR 225 million of 8.25% senior notes due 2020 by Matterhorn Mobile Holdings S.A.

In September 2012, the Group issued the following bond:

- CHF 180 million floating rate senior secured notes due 2019 by Matterhorn Mobile S.A.

On July 30, 2013, Matterhorn Mobile S.A. proceeded to a redemption of CHF 60.0 million in aggregate principal amount of its CHF-denominated Floating Rate Senior Secured Notes due 2019 (pursuant to the Indenture dated as of September 11, 2012) at a price in cash equal to 102% of the aggregate principal amount of the Notes, plus accrued and unpaid interest up to, but not including, the redemption rate (amounting to CHF1.2 million).

The bonds are measured at amortised cost, using the effective interest rate method.

## Note 11—Financial assets / liabilities and financial results (Continued)

Bonds (excluding transaction costs) issued by Matterhorn Mobile Holdings S.A and Matterhorn Mobile S.A. as at December 31, 2014:

December 31, 2014									
Original currency	Bond	Date of issuance	Initial nominal amounts (in thousands of currency units)	Early Repayment (in thousands of currency units)	Current nominal amounts (in thousands of CHF)	Maturity	Nominal interest rate (%)	Hedging	Outstanding interest amount (in thousands of CHF)
CHF	Senior Secured Notes	February 10, 2012	450,000	—	450,000	2019	6.75%	—	11,391
EUR	Senior Secured Notes	February 10, 2012	150,000	—	180,360	2019	EUR3M + 5.25%	EUR 100 million at 5.99% EUR 50 million at CHF3M + 5.70%	1,175
EUR	Senior Notes	February 10, 2012	225,000	—	270,540	2020	8.25%	EUR 165 million at 7.43% EUR 60 million at CHF3M + 7.33%	8,394
EUR	Senior Secured Notes	February 16, 2012	180,000	—	216,432	2019	EUR3M + 5.25%	EUR 100 million at 5.95% EUR 80 million at CHF3M + 5.59%	1,409
CHF	Senior Secured Notes	September 11, 2012	180,000	(60,000)	120,000	2019	CHF3M + 5.375%	—	789
<b>Total</b>					<b>1,237,332</b>				<b>Total 23,158</b>

Bonds (excluding transaction costs) issued by Matterhorn Mobile Holdings S.A and Matterhorn Mobile S.A. as at December 31, 2013:

December 31, 2013									
Original currency	Bond	Date of issuance	Initial nominal amounts (in thousands of currency units)	Early Repayment (in thousands of currency units)	Current nominal amounts (in thousands of CHF)	Maturity	Nominal interest rate (%)	Hedging	Outstanding interest amount (in thousands of CHF)
CHF	Senior Secured Notes	February 10, 2012	450,000	—	450,000	2019	6.75%	—	11,391
EUR	Senior Secured Notes	February 10, 2012	150,000	—	183,998	2019	EUR3M + 5.25%	EUR 100 million at 5.99% EUR 50 million at CHF3M + 5.70%	1,287
EUR	Senior Notes	February 10, 2012	225,000	—	275,996	2020	8.25%	EUR 165 million at 7.43% EUR 60 million at CHF3M + 7.33%	8,587
EUR	Senior Secured Notes	February 16, 2012	180,000	—	220,797	2019	EUR3M + 5.25%	EUR 100 million at 5.95% EUR 80 million at CHF3M + 5.59%	1,544
CHF	Senior Secured Notes	September 11, 2012	180,000	(60,000)	120,000	2019	CHF3M + 5.375%	—	828
<b>Total</b>					<b>1,250,790</b>				<b>Total 23,637</b>

The bonds are recognised in the consolidated statement of financial position as follows:

(in thousands of Swiss Francs)

<b>Liability Component as at December 31, 2012</b>	<b>1,265,490</b>
Debt—Repayment	(60,000)
Unrealised exchange loss	10,933
Amortization of debt issuance costs	5,243
<b>Liability Component as at December 31, 2013</b>	<b>1,221,666</b>
Debt—Repayment	—
Unrealised exchange (gain)	(13,459)
Amortization of debt issuance costs	3,926
<b>Liability Component as at December 31, 2014</b>	<b>1,212,134</b>

## Note 11—Financial assets / liabilities and financial results (Continued)

### Credit Lines

The Group had the following access to credit facilities in the form of a Super Revolving Credit Facility:

(in thousands of Swiss Francs)	December 31, 2014		December 31, 2013	
	Amount available	Amounts drawn down	Amount available	Amounts drawn down
Super Revolving Credit Facility	100,000	—	100,000	—
Bank overdraft	—	—	—	—
<b>Credit lines</b>	<b>100,000</b>	<b>—</b>	<b>100,000</b>	<b>—</b>

### 11.2 Derivative instruments

For the periods ended December 31, 2014 and December 31, 2013, the Group's designated hedges were limited to cash flow hedges as the Group did not have any hedges designated as fair value or net investment hedges.

#### Cash-flow hedges

The Group's cash flow hedges during the period consisted of cross-currency swaps, that the Group uses to protect against variability in future interest cash flows on liabilities which bear interest at variable or fixed rates and/or foreign currency risk on EUR-denominated bonds.

The cash flows are expected to occur simultaneously with the payment of interests on bonds. Interest is paid quarterly or semi-yearly, depending on each bond.

As of December 31, 2014, the Group had the following outstanding cross-currency swaps designated as cash-flow hedges of foreign currency rates and, in some cases, interest rates:

(in thousands of Swiss Francs)	December 31, 2014		December 31, 2013	
	Notional	Fair Value & Net interests receivables / (payables)	Notional	Fair Value & Net interests receivables / (payables)
External cross-currency swaps and Mark-to-market derivatives	667,332	(4,071)	680,791	14,196

(in thousands of Swiss Francs)	December 31, 2014		December 31, 2013	
	Net interests receivables / (payables)	Fair Value	Net interests receivables / (payables)	Fair Value
External cross-currency swaps	5,651	(7,225)	5,864	7,331
Mark-to-market derivatives	—	(2,496)	—	1,001

The mark-to-market derivatives (sub-set of cash flow hedges) consist of cross-currency swaps used to hedge the exposure of the Shareholder, Matterhorn Midco & Cy SCA and its parent, Matterhorn Financing & Cy SCA. The Shareholder and its parent, Matterhorn Financing & Cy SCA borrowed a fixed-rate Euro-denominated instrument. To eliminate the variability of this financing, they entered into a EUR-CHF cross-currency swap contract through their subsidiaries, Matterhorn Mobile Holdings SA and Matterhorn Mobile S.A.

Cash flow hedges are fully effective under IAS 39, both retrospectively since inception and prospectively as of December 31, 2014. Therefore the full change in their fair values (gains and losses) since inception initially have been recognised in other comprehensive income, and are reclassified to the income statement when the hedged cash flows affect earnings (i.e., concurrent with accrual and payments of interest under the hedged liabilities, and remeasurement under IAS 21 of the hedged liabilities).



**Note 11—Financial assets / liabilities and financial results (Continued)**

During the year ended December 31, 2014, the net amount recognised in OCI (net change in OCI) related to hedging activities was a net decrease of CHF 3.0 million (net decrease of CHF 5.2 million in 2013) deferred in OCI. The details of these changes are described in the table below.

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Beginning accumulated OCI balance	(4,589)	(9,756)
Net loss deferred in accumulated OCI due to change in the fair value of the derivative (effective portion)	13,459	16,866
Reclassified out of accumulated OCI into Income Statement	(16,504)	(11,699)
<b>Ending accumulated OCI Balance</b>	<b>(7,634)</b>	<b>(4,589)</b>

**11.3 Finance costs, net**

Financial results were as follows:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Commitment fees on revolving credit facility	(1,309)	(1,416)
Interests on bonds	(83,556)	(86,988)
Bonds—Early Repayment	—	(1,200)
Amortization of debt issuance costs	(3,926)	(5,243)
Capital tax	(1,400)	(1,486)
Net interest on net defined benefit obligation	(485)	(636)
Foreign exchange (losses) on financial assets & liabilities and derivatives	(22,722)	—
Other financial expenses	(1,076)	(2,245)
<b>Total finance costs</b>	<b>(114,475)</b>	<b>(99,214)</b>
Foreign exchange gains on financial assets & liabilities and derivatives	13,812	8,038
Interest and similar income	364	186
<b>Total finance income</b>	<b>14,176</b>	<b>8,224</b>
<b>Finance costs, net</b>	<b>(100,299)</b>	<b>(90,990)</b>

**11.4 Management of covenants**

The Group has obtained credit facilities and borrowings subject to specific covenants with regards to financial ratios.

As at December 31, 2014 and 2013, the Company complied with those covenants.

**Note 12—Information on market risk and fair value of financial assets and liabilities****12.1 Financial risks**

The Group is subject to various financial risks. These risks include capital risk, credit risk, liquidity risk and financial market risk (including interest rate risk and currency risk). These risks are monitored by Management of the Group.

***Capital risk management***

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

## **Note 12—Information on market risk and fair value of financial assets and liabilities (Continued)**

The capital structure of the Group consists of debt, which includes borrowings described in note 11, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

### ***Credit Risk management***

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

The Group considers that it has an extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential, professional and large business customers). In addition, the maximum value of the credit risk on these financial assets is equal to their recognised net book value.

### ***Liquidity risk management***

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continuously monitoring cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 11 above sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

### ***Interest Rate Risk***

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

### ***Sensitivity analysis of the Group's position to changes in interest rates***

The sensitivity of the Group's financial assets and liabilities to interest rate risk is analysed only for components of net financial debt. Only these components are interest-bearing and therefore exposed to interest rate risk.

#### ***Sensitivity of financial expenses***

Based on a constant amount of debt and a constant management policy, a 1% rise in interest rates would result in an increase of CHF 2.8 million in financial expense as at December 31, 2014 (CHF 3.2 million as at December 31, 2013).

### ***Foreign exchange rate risk management***

The Group operates mainly in the currency of its country (CHF). However, The Group is subject to foreign currency risk arising from borrowings and future commercial transactions which can be done in euros (Purchase of handsets or roaming for example). The Group uses derivative financial instruments to hedge certain exposures (for instance Bonds denominated in euros).

The Group's policy to mitigate foreign exchange risk by:

- Hedging all bonds denominated in Euros
- Having borrowings denominated in the functional currencies of the Group companies concerned

The exposure to currency risk is therefore limited.

## Note 12—Information on market risk and fair value of financial assets and liabilities (Continued)

The Group uses foreign currency inflows to pay for its foreign currency outflows. If necessary, the Group buys foreign currency shortly before the transaction.

### *Sensitivity of cash flow hedge reserves*

A 1% rise in spot rates would decrease the market value of cross-currency swaps designated as cash flow hedges and the associated cash flow hedge reserves by approximately CHF 7.7 million as at December 31, 2014 (decrease of CHF 8.1 million as at December 31, 2013). A 1% fall in spot rates would lead to an increase in their market value and in the cash flow hedge reserves of approximately CHF 7.7 million as at December 31, 2014 (increase of CHF 8.1 million as at December 31, 2013).

The following table shows the exposure (before hedging instruments) of the Group financial positions by currency:

(in thousands of Swiss Francs)	December 31, 2014				
	Total	EUR	USD	GBP	CHF
<b>Financial assets (A)</b>	<b>487,239</b>	<b>15,597</b>	<b>2,865</b>	<b>169</b>	<b>468,608</b>
Other assets	19,281	14	—	—	19,268
Trade receivables	352,284	1,872	524	—	349,888
Cash and cash equivalents	115,674	13,711	2,341	169	99,452
<b>Financial liabilities (B)</b>	<b>1,709,474</b>	<b>699,835</b>	<b>770</b>	<b>38</b>	<b>1,008,831</b>
Bonds excluding transaction costs (1)	1,237,332	667,332	—	—	570,000
Trade payables	316,265	16,675	738	38	298,814
Fixed assets payables	132,647	4,850	32	—	127,765
Current borrowings and other financial liabilities (1)	23,230	10,978	—	—	12,252
<b>Net exposure (A)-(B)</b>	<b>(1,222,235)</b>	<b>(684,238)</b>	<b>2,095</b>	<b>131</b>	<b>(540,223)</b>

(1) Refer to note 11.1 for further information regarding bonds, accrued interests and derivatives instruments.

(in thousands of Swiss Francs)	December 31, 2013				
	Total	EUR	USD	GBP	CHF
<b>Financial assets (A)</b>	<b>510,178</b>	<b>21,471</b>	<b>6,933</b>	<b>546</b>	<b>481,228</b>
Other non-current assets	50,236	13,792	—	—	36,444
Trade receivables	294,969	6,437	1,696	—	286,836
Cash and cash equivalents	164,972	1,242	5,237	546	157,948
<b>Financial liabilities (B)</b>	<b>1,819,790</b>	<b>712,997</b>	<b>923</b>	<b>145</b>	<b>1,105,725</b>
Bonds excluding transaction costs (1)	1,250,790	680,790	—	—	570,000
Trade payables	410,596	13,050	885	128	396,533
Fixed assets payables	134,687	7,659	38	17	126,973
Current borrowings and other financial liabilities (1)	23,718	11,499	—	—	12,219
<b>Net exposure (A)-(B)</b>	<b>(1,309,612)</b>	<b>(691,527)</b>	<b>6,011</b>	<b>401</b>	<b>(624,497)</b>

(1) Refer to note 11.1 for further information regarding bonds, accrued interests and derivatives instruments.

The following table shows the sensitivity of the Group to a 10% change in the foreign exchange rates of the currency to which they are exposed and the related impact on its income statement:

(in thousands of currency)	December 31, 2014		
	Purchases during the year	+10% change	- 10% change
EUR	107,964	9,815	(11,996)
USD	36,254	3,296	(4,028)
GBP	407	37	(45)

**Note 12—Information on market risk and fair value of financial assets and liabilities (Continued)**

(in thousands of currency)	December 31, 2013		
	Purchases during the year	+10% change	- 10% change
EUR	162,402	14,764	(18,045)
USD	16,294	1,481	(1,810)
GBP	436	40	(48)

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

## 12.2 Financial instruments

The market value of financial assets and liabilities measured at fair value in the statement of financial position shown in the table below has been ranked based on the three hierarchy levels defined by IFRS 13:

- Level 1: quoted price in active markets;
- Level 2: inputs observable directly or indirectly;
- Level 3: inputs not based on observable market data.

Derivative instruments were the only items measured at fair value (level 2) in the statement of financial position and presented according to their maturity date. Fair value of financial assets and liabilities is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(in thousands of Swiss Francs)	December 31, 2014	
	Book value	Estimated fair value
<b>Loans, receivables and cash and cash equivalents</b>	<b>487,239</b>	<b>487,239</b>
Other assets	19,281	19,281
Trade receivables	352,284	352,284
Cash and cash equivalents	115,674	115,674
<b>Financial liabilities at amortised cost</b>	<b>(1,684,204)</b>	<b>(1,751,125)</b>
Bonds and accrued interests on bonds	(1,235,292)	(1,302,212)
Trade payables	(316,265)	(316,265)
Fixed assets payables	(132,647)	(132,647)
<b>Net derivatives</b>	<b>(4,071)</b>	<b>(4,071)</b>

Estimated fair value:

- The carrying amounts of trade receivables and payables are a reasonable estimate of their fair value because of their short-term maturities;
- The carrying amounts of deposits and other items, fixed assets payables and cash and cash equivalents correspond to the fair values;
- The fair value of fixed interest-bearing financial liabilities is estimated on the basis of the maturing future payments discounted at market interest rates.

**Note 12—Information on market risk and fair value of financial assets and liabilities (Continued)**

(in thousands of Swiss Francs)	December 31, 2013	
	Book value	Estimated fair value
<b>Loans, receivables and cash and cash equivalents</b>	<b>510,178</b>	<b>510,178</b>
Other non-current assets	50,236	50,236
Trade receivables	294,969	294,969
Cash and cash equivalents	164,972	164,972
<b>Financial liabilities at amortised cost</b>	<b>(1,790,585)</b>	<b>(1,869,477)</b>
Bonds and accrued interests on bonds	(1,245,303)	(1,324,194)
Trade payables	(410,596)	(410,596)
Fixed assets payables	(134,687)	(134,687)
<b>Net derivatives</b>	<b>14,196</b>	<b>14,196</b>

Gains and losses related to financial assets and liabilities are as follows:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014			
	Net finance costs	Other operating expenses and income	Revenue	Other comprehensive income
Other non-current assets	240	—	—	—
Trade receivables	—	175	(820)	—
Other receivables and payables	—	476	—	—
Cash and cash equivalents	124	—	—	—
Borrowings and other financial liabilities	(87,483)	—	—	—
Trade payables	—	1,764	—	—
Net derivatives	(22,722)	(2,185)	—	(3,045)
<b>Total</b>	<b>(109,842)</b>	<b>230</b>	<b>(820)</b>	<b>(3,045)</b>

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013			
	Net finance costs	Other operating expenses and income	Revenue	Other comprehensive income
Other non-current assets	10	—	—	—
Trade receivables	—	717	(844)	—
Other receivables	—	(6)	—	—
Cash and cash equivalents	268	—	—	—
Borrowings and other financial liabilities	(92,231)	—	—	—
Trade payables	—	(4,355)	—	—
Net derivatives	2,919	1,751	—	(4,589)
<b>Total</b>	<b>(89,034)</b>	<b>(1,893)</b>	<b>(844)</b>	<b>(4,589)</b>



## Note 13—Other operating results, assets, liabilities & equity

### 13.1 Other operating results

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Customer bad debt	(15,750)	(16,136)
Spectrum fees	(10,994)	(11,961)
Foreign exchange loss on trade payables and receivables	(2,221)	(4,362)
Other expenses	(2,184)	(866)
<b>Other operating expenses</b>	<b>(31,149)</b>	<b>(33,325)</b>
Foreign exchange gain on trade payables and receivables	2,450	2,485
Other income	16,064	7,451
<b>Other operating income</b>	<b>18,515</b>	<b>9,936</b>
<b>Other operating results</b>	<b>(12,634)</b>	<b>(23,389)</b>

### 13.2 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the periods presented were as follows:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
Cash and bank balances	115,674	164,972
Bank overdraft	—	—
<b>Cash and cash equivalents net</b>	<b>115,674</b>	<b>164,972</b>

### 13.3 Other assets

Other assets mainly consist of:

(in thousands of Swiss Francs)	December 31, 2014			December 31, 2013		
	Current	Non-current	Total	Current	Non-current	Total
Assets available for sale (1)	—	23	23	—	23	23
Other non-current assets	—	11,967	11,967	—	16,476	16,476
Loan receivables (2)	—	—	—	—	33,737	33,737
Others	7,372	(80)	7,292	11,929	—	11,929
<b>Other assets</b>	<b>7,372</b>	<b>11,909</b>	<b>19,282</b>	<b>11,929</b>	<b>50,236</b>	<b>62,165</b>

(1) The non-consolidated investment classified as assets available for sale is related to 23% shares of Teldas AG for an amount of 23 KCHF at December 31, 2014 (23 KCHF at December 31, 2013).

(2) Loan receivables are intercompany loans with shareholder and accrued interests' receivable from shareholders (Mark-to-market derivatives).

### 13.4 Equity Share capital

Matterhorn Mobile Holdings S.A. was incorporated under the laws of the Grand Duchy of Luxemburg on December 23, 2011 with a share capital of CHF 80,000 (comprising 80,000 ordinary shares with a par value of CHF 1).

The extraordinary shareholders' meeting, held on February 28, 2012, decided to increase the share capital by CHF 147,661,009 (comprising 147,661,009 ordinary shares with a par value of CHF 1) and to contribute an amount of CHF 590,645,388 to the Company's share premium account.

**Note 13—Other operating results, assets, liabilities & equity (Continued)**

On September 12, 2012, the Group proceeded to a partial repayment of the share premium to Matterhorn Midco & Cy S.C.A (Shareholder of the parent company of the Group) for an amount of CHF 91,800,000.

On October 1, 2012, the Group proceeded to a share premium increase amounting to CHF 1,240,307.

On April 1, 2013, the Group proceeded to a share premium increase amounting to CHF 750,000.

On October 1, 2014, the Group proceed to a share premium decrease amounting to CHF 35,459,824.

On October 13, 2014, the Group proceed to a share premium decrease amounting to CHF 13,600,125.

On November 17, 2014, the Group proceed to a share premium decrease amounting to CHF 7,218,470.

Therefore, the total amount of share premium amounted to CHF 444,557,276 as at December 31, 2014.

**13.5 Other liabilities**

(in thousands of Swiss Francs)	December 31, 2014			December 31, 2013		
	Current	Non-current	Total	Current	Non-current	Total
VAT payables	5,577	—	5,577	9,386	—	9,386
Deposits payable	1,761	—	1,761	2,443	—	2,443
Other	10,941	4,400	15,342	13,108	8,423	21,531
<b>Other liabilities</b>	<b>18,280</b>	<b>4,400</b>	<b>22,680</b>	<b>24,937</b>	<b>8,423</b>	<b>33,360</b>

**13.6 Current Employee benefits obligations**

As at December 31, 2014, Current Employee benefits obligations mainly consists of bonus payables for CHF 8.6 million and Holidays allowances for CHF 1.5 million (as at December 31, 2013, CHF 9.8 million and CHF 1.5 million, respectively).

**Note 14—Scope of consolidation**

The Group consists of the following entities:

Legal entity	Country of incorporation	Equity interest	Nature of business
Matterhorn Mobile Holdings S.A.	Luxembourg	Parent Entity	Holding
Matterhorn Mobile S.A.	Luxembourg	100%	Holding
Orange Communications SA (« OCH »)	Switzerland	100%	Communications
Orange Network SA (« ONW »)	Switzerland	100%	Communications Network
Orange Liechtenstein AG (« OFL »)	Liechtenstein	100%	Communications

**Note 15—Related parties****15.1 Directors and Executive Officers**

The total remuneration of directors and executive officers is as follows:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Board of Directors	91	66
Executive Officers	4,961	7,163
<b>Remuneration</b>	<b>5,052</b>	<b>7,229</b>

## Note 15—Related parties (Continued)

Remuneration consists of:

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
Short-term benefits	5,052	7,229
<b>Short-term benefits</b>	<b>5,052</b>	<b>7,229</b>

### 15.2 Related enterprises

The following related party transactions (conducted at arm's length) have been recorded (shareholders and Group Companies):

(in thousands of Swiss Francs)	January 1, 2014 to December 31, 2014	January 1, 2013 to December 31, 2013
<b>Shareholder balances</b>		
Monitoring fees (1)	(2,216)	(2,686)
Intercompany hedges	(1,868)	(2,375)
<b>Affiliates balances</b>		
Subcontracting expenses (2)	(19,053)	(3,218)
<b>Shareholder and affiliates balances</b>	<b>(23,137)</b>	<b>(8,279)</b>

(1) Monitoring fees paid to APAX Partners

(2) Subcontracting purchases paid to iGate

The following related party balances were outstanding at the end of the reporting period:

(in thousands of Swiss Francs)	December 31, 2014	December 31, 2013
<b>Shareholder balances</b>		
<b>Assets</b>		
Non-current hedging derivative assets	7,985	1,195
Loan receivables	—	33,737
<b>Liabilities</b>		
Non-current hedging derivative liabilities	—	(1,399)
Current hedging derivative liabilities	(825)	(1,196)
Loan payables	(2,881)	(160)
Other current liabilities	(1,498)	(2,393)
<b>Affiliates balances</b>		
<b>Liabilities</b>		
Other current liabilities	(1,727)	(35)

As at December 31, 2014, there was no recognised loss on related party receivables (December 31, 2013, nil).

The ultimate controlling party is APAX partners LLP.

## Note 16—Unrecognised contractual commitments

To the best of Management's knowledge, there were no existing commitments, other than those described in this note, likely to have a material effect on the current or future financial position of the Group.

## Note 16—Unrecognised contractual commitments (Continued)

The table below provides a schedule of unrecognised commitments and contractual obligations at the end of each reporting period.

### 16.1 Rental commitments

(in thousands of Swiss Francs)	December 31, 2014 Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Rental commitments :							
Property (1)	175,040	53,915	42,772	26,523	21,139	11,741	18,949
Rental commitments :							
Vehicles	751	638	93	19	—	—	—
<b>Rental commitments</b>	<b>175,790</b>	<b>54,554</b>	<b>42,865</b>	<b>26,542</b>	<b>21,139</b>	<b>11,741</b>	<b>18,949</b>

(1) Commitments related to offices (Zürich, Renens and Biel), shops loans and network sites

(in thousands of Swiss Francs)	December 31, 2013 Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Rental commitments :							
Property (1)	176,806	51,200	41,207	25,034	21,069	16,756	21,540
Rental commitments :							
Vehicles	1,459	721	618	95	26	—	—
<b>Rental commitments</b>	<b>178,265</b>	<b>51,920</b>	<b>41,825</b>	<b>25,129</b>	<b>21,094</b>	<b>16,756</b>	<b>21,540</b>

(1) Commitments related to offices (Zürich, Renens and Biel), shops loans and network sites

### 16.2 Investments and goods and services purchase commitments

(in thousands of Swiss Francs)	December 31, 2014 Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets and transmission capacity	70,691	70,691	—	—
Purchase of handsets	92,190	92,190	—	—
Other commitments related to the purchase of goods and services	10,302	10,302	—	—
<b>Investment and goods and services purchase commitments</b>	<b>173,182</b>	<b>173,182</b>	<b>—</b>	<b>—</b>

(in thousands of Swiss Francs)	December 31, 2013 Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets and transmission capacity	58,000	58,000	—	—
Purchase of handsets	74,438	74,438	—	—
Other commitments related to the purchase of goods and services	36,336	36,336	—	—
<b>Investment and goods and services purchase commitments</b>	<b>168,774</b>	<b>168,774</b>	<b>—</b>	<b>—</b>

## **Note 16—Unrecognised contractual commitments (Continued)**

### **16.3 Off-balance sheet commitments**

The Company is obliged to respect certain financial and non-financial covenants as set out in the Revolving Credit Facility (“RCF”) Agreement dated September 11, 2012. If certain covenant ratios are not met this may result in the increase of the margin payable on the drawn amounts and of the fees or, in the case of an Event of Default as defined in the Revolving Credit Facility Agreement, in the acceleration of the agreement and consequently (i) in the immediate cancellation of all outstanding commitments and (ii) in the drawn amounts becoming immediately repayable on demand. As at December 31, 2014, the Company had not drawn down any amount under the RCF Agreement.

Certain non-financial covenants as further described in the indentures to the senior secured notes issued by the Company and its subsidiaries are to be respected. If these are not met, this may result in an Event of Default and in the principal and the accrued unpaid interest becoming due and payable immediately.

The Company entered into a Quote Indemnification Agreement with Gartner Inc. (“Gartner”) in which Gartner consents to the quotation of the Gartner Material as listed in the exhibit to the Quote Indemnification Agreement in the Offering Memorandum filed by the Company with the Commission de Surveillance du Secteur Financier in Luxembourg (the “Offering Memorandum”). The consent of Gartner was conditional upon the Company guaranteeing the indemnification and the holding harmless of Gartner, its subsidiaries and other representatives of Gartner as defined in the agreement, from and against all claims, liabilities, demands, etc. arising directly or indirectly, and without limitation, out of or in connection with the Offering Memorandum.

Pursuant to the Acquisition Agreement, a purchase price adjustment up to CHF 270.0 million is owed by the Company to France Telecom in the event of a combination with Sunrise Mobile Communications AG (hereafter, “Sunrise”) within five years of the Completion Date. In addition, if such a combination or certain other strategic cooperation transactions occur within the same period, as a result of which, APEM receives at least 2.5 times (on a cash basis) its original investment in the Group, the Senior Secured Notes Issuer (Matterhorn Mobile S.A.) will be obligated to pay an “earn-out” to France Telecom in an amount equal to a percentage of APEM’s cash return on its investment in excess of the 2.5x threshold up to a cap. The transaction announced with NJJ Capital at the end of December 2014 does not trigger this earn-out.

### **16.4 Guarantees given**

On February 3, 2012, the Company and Matterhorn Mobile S.A. (the “Subsidiary”) entered into a pledge over certain bank accounts of the Company and the Subsidiary in favour of the Beneficiary as defined in the pledge agreements to secure the obligations of the Company and of the Subsidiary resulting from the Revolving Credit Facility Agreement, from the Indentures of the Senior Secured Notes (the “Obligations”) and from the cross currency swaps.

On the same date, the Company and the Subsidiary entered into a pledge over the receivables of Orange Communications S.A. and the Subsidiary entered into a share pledge agreement over the shares in Orange Communications S.A, the dividends on the shares and any other related assets. In addition, the Subsidiary entered into a Swiss Security Assignment Agreement according to which it assigns all existing and future claims and rights under the acquisition agreement of the shares in Orange Communications S.A, together with any preferential and accessory rights attached thereto to the Beneficiary of the Security Assignment Agreement to secure the Obligations. The shares of the Subsidiary are subject to a pledge entered into by the Company.

## **Note 17—Share-Based Payment**

Certain managers of Orange Communications S.A. can participate in investment programs to align their interests with those of the shareholders. Shares in Matterhorn Topco & Cy S.C.A (an indirect parent of the Company) were sold to participating managers of Orange Communications S.A. The programs fall under the scope of IFRS 2—Share-Based Payment, and qualify as equity settled plans at the Matterhorn Mobile Holdings S.A level.

Members of this program have invested in certain instruments at fair value mirroring the conditions of the ultimate shareholder and, subsequent to year end (see note 19) have also sold their shares at the same conditions as the ultimate shareholder.



**Note 17—Share-Based Payment (Continued)**

No expense was recognized in the reporting period and there is no outstanding balance as of December 31, 2014 in relation to these programs.

Furthermore, these programs have all been realized as of February 23, 2015 upon the sale of Matterhorn Financing & Cy S.C.A. to NJJ Capital (refer to Note 19 below) and no manager holds directly or indirectly any equity in Orange Communications S.A. any longer.

**Note 18—Litigations**

As at December 31, 2014, the Group had no material unprovided pending or threatened litigation with third parties.

As at December 31, 2013, the Group had no material unprovided pending or threatened litigation with third parties.

**Note 19—Subsequent events****Change of control**

On 18 December 2014, Funds advised by Apax Partners announced that they have agreed to sell Matterhorn Financing & Cy S.C.A. (an indirect parent of Matterhorn Mobile Holdings S.A.) to NJJ Capital, Xavier Niel's private holding company, for a total enterprise value of CHF 2.8 billion ( EUR 2.3 billion).

The transaction was subject to customary regulatory approval from the ComCom (Swiss Federal Communications Commission), in order to enable Orange Network SA to continue to use its spectrum rights after the takeover by NJJ.

On 23 February 2015, after the approval of ComCom / OFCOM (Federal Communications Commission / Federal Office of Communications), NJJ Capital officially acquired Matterhorn Financing & Cy S.C.A.

**Swiss National Bank ("SNB") announcement:**

On 15 January 2015, the SNB announced it would no longer defend the minimum exchange rate of CHF 1.20 vs EUR 1. Further to the announcement, the value of the Euro declined against the Swiss Franc.

That event has no material impact on the accounting policies applied, including on the valuation principles followed or on management estimates used in the preparation of the consolidated financial statements for the year ended 31 December 2014.

**Matterhorn Mobile Holdings S.A.**  
**Consolidated financial statements**  
**for the year ended December 31, 2013**

To the Shareholders of Matterhorn Mobile Holdings S.A.

Deloitte Audit  
Société à responsabilité limitée

560, rue de Neudorf  
L-2220 Luxembourg  
B.P. 1173  
L-1011 Luxembourg

Tel: +352 451 451  
Fax: +352 451 452 992  
[www.deloitte.lu](http://www.deloitte.lu)

## REPORT OF THE REVISEUR D'ENTREPRISES AGREÉ

We have audited the accompanying consolidated financial statements of Matterhorn Mobile Holdings S.A. and subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flow for the year then, and a summary of significant accounting policies and other explanatory information.

### *Responsibility of the Board of Directors for the consolidated financial statements*

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# Deloitte.

## *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Matterhorn Mobile Holdings S.A. and subsidiaries as of December 31, 2013, and of its 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.

For Deloitte Audit, *Cabinet de révision agréé*

A handwritten signature in black ink, appearing to be 'M. Crosetto', with a horizontal line drawn across the middle of the signature.

Marco Crosetto, *Réviseur d'entreprises agréé*  
Partner

March 26, 2014

## TABLE OF CONTENTS

CONSOLIDATED STATEMENT OF PROFIT / (LOSS) .....	F-64
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME / (LOSS) .....	F-65
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	F-66
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	F-68
CONSOLIDATED STATEMENT OF CASH FLOWS .....	F-69
NOTE 1—SEGMENT INFORMATION .....	F-70
NOTE 2—DESCRIPTION OF BUSINESS AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS .....	F-72
NOTE 3—ACCOUNTING POLICIES .....	F-78
NOTE 4—BUSINESS COMBINATIONS .....	F-89
NOTE 5—SALES .....	F-93
NOTE 6—PURCHASES .....	F-94
NOTE 7—FIXED ASSETS & GAINS ON DISPOSAL OF ASSETS .....	F-96
NOTE 8—INCOME TAX .....	F-100
NOTE 9—PROVISIONS .....	F-103
NOTE 10—EMPLOYEE BENEFITS .....	F-104
NOTE 11—FINANCIAL ASSETS, LIABILITIES AND FINANCIAL RESULTS .....	F-107
NOTE 12—INFORMATION ON MARKET RISK AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES .....	F-110
NOTE 13—OTHER RESULTS, ASSETS, LIABILITIES & EQUITY .....	F-115
NOTE 14—SCOPE OF CONSOLIDATION AND ASSOCIATES .....	F-117
NOTE 15—RELATED PARTIES .....	F-117
NOTE 16—UNRECOGNISED CONTRACTUAL COMMITMENTS .....	F-118
NOTE 17—SHARE BASED PAYMENTS .....	F-120
NOTE 18—LITIGATIONS .....	F-120
NOTE 19—SUBSEQUENT EVENTS .....	F-120



## CONSOLIDATED STATEMENT OF PROFIT / (LOSS)

		January 1, 2013 to December 31, 2013	March 1, 2012 to December 31, 2012	January 1, 2012 to February 29, 2012
(in thousands of Swiss Francs)	Notes	Successor	Successor	Predecessor
<b>Revenue</b>	<b>5</b>	<b>1,291,426</b>	<b>1,118,056</b>	<b>203,560</b>
Access, backbone and interconnection	<b>6</b>	(204,979)	(184,261)	(35,664)
Commercial expenses and cost of equipment sold	<b>6</b>	(387,929)	(354,412)	(58,138)
Network, IT, property expenses and other purchases	<b>6</b>	(173,516)	(146,800)	(31,010)
Labour expenses	<b>10</b>	(113,127)	(113,738)	(23,155)
Other operating expenses	<b>13</b>	(33,325)	(16,788)	(4,773)
Other operating income	<b>13</b>	9,936	4,065	7,951
Result on disposal and other gains		13	122	10
Restructuring, transition and transaction costs	<b>6,9</b>	(22,949)	(45,290)	(1,079)
Corporate and brand fees		(21,410)	(18,897)	(4,991)
Depreciation, amortization and impairment	<b>7</b>	(329,312)	(238,827)	(29,702)
<b>Operating profit / (loss)</b>		<b>14,828</b>	<b>3,229</b>	<b>23,009</b>
Finance expenses	<b>11</b>	(96,295)	(102,619)	(2,373)
Finance income	<b>11</b>	5,305	5,426	73
<b>Finance costs, net</b>		<b>(90,990)</b>	<b>(97,193)</b>	<b>(2,300)</b>
<b>Profit / (loss) before tax</b>		<b>(76,163)</b>	<b>(93,965)</b>	<b>20,709</b>
Income tax	<b>8</b>	17,850	(13,512)	(5,828)
<b>Profit / (loss)</b>		<b>(58,313)</b>	<b>(107,477)</b>	<b>14,881</b>
Profit / (loss) attributable to equity owners		(58,313)	(107,477)	14,881

the accompanying notes are an integral part of the consolidated financial statements

2012 figures are restated as a result of changes in accounting standards (see note 2)

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME / (LOSS)

(in thousands of Swiss Francs)	Notes	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
<b>Profit / (loss)</b>		<b>(58,313)</b>	<b>(107,477)</b>	<b>14,881</b>
Gains / (losses) on cash flow hedge	<i>11</i>	5,167	(9,756)	—
Deferred tax on items recognized directly in other comprehensive income / (loss)	<i>8</i>	(1,466)	2,810	—
<b>Net other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods</b>		<b>3,701</b>	<b>(6,947)</b>	<b>—</b>
Remeasurement of defined benefit obligation	<i>10</i>	25,010	7,061	—
Deferred tax on items recognized directly in other comprehensive income / (loss)	<i>8</i>	(7,350)	(1,167)	—
<b>Net other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods</b>		<b>17,660</b>	<b>5,894</b>	<b>—</b>
<b>Other comprehensive income / (loss) after tax</b>		<b>21,361</b>	<b>(1,052)</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>		<b>(36,951)</b>	<b>(108,529)</b>	<b>14,881</b>

the accompanying notes are an integral part of the consolidated financial statements

*2012 figures are restated as a result of changes in accounting standards (see note 2).*

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Swiss Francs)	Notes	December 31, 2013 Successor	December 31, 2012 Successor
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	4	465,561	465,561
Other intangible assets	7	852,138	1,009,233
Property, plant and equipment	7	666,102	678,848
Hedging derivative assets	11	15,361	7,526
Other non-current assets	13	50,236	6,603
Deferred tax assets	8	21,080	32,436
<b>Total non-current assets</b>		<b>2,070,478</b>	<b>2,200,207</b>
<b>Current assets</b>			
Inventories	6	21,166	18,230
Trade receivables	5	294,969	318,140
Other current assets	13	11,929	9,596
Hedging derivatives assets	11	7,667	6,917
Prepaid expenses		2,293	5,176
Cash and cash equivalents	13	164,972	139,691
<b>Total current assets</b>		<b>502,996</b>	<b>497,750</b>
<b>TOTAL ASSETS</b>		<b>2,573,474</b>	<b>2,697,957</b>

the accompanying notes are an integral part of the consolidated financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Swiss Francs)	Notes	December 31, 2013 Successor	December 31, 2012 Successor
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	147,741	147,741
Share premium	13	500,836	500,086
Retained earnings / (Accumulated deficit)		(165,789)	(107,477)
Reserves		20,309	(1,052)
<b>Total equity</b>		<b>503,097</b>	<b>539,298</b>
<b>Non-current liabilities</b>			
Fixed assets payables	7	61,881	61,881
Borrowings and other financial liabilities	11	1,221,666	1,265,490
Hedging derivatives liabilities	11	2,732	10,121
Employee benefits obligations	10	26,986	51,986
Provisions	9	81,150	91,593
Other liabilities	13	11,063	758
Deferred tax liabilities	8	81,132	101,764
<b>Total non-current liabilities</b>		<b>1,486,610</b>	<b>1,583,593</b>
<b>Current liabilities</b>			
Trade payables	12	410,596	415,806
Fixed assets payables	7	70,166	59,624
Borrowings and other financial liabilities	11	23,718	24,884
Hedging derivatives liabilities	11	6,099	6,357
Employee benefits obligations	13	11,320	13,852
Provisions	9	7,871	6,109
Other liabilities	13	24,937	19,218
Deferred income	5	29,061	29,218
<b>Total current liabilities</b>		<b>583,767</b>	<b>575,067</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,573,474</b>	<b>2,697,957</b>

the accompanying notes are an integral part of the consolidated financial statements

2012 figures are restated as a result of changes in accounting standards (see note 2)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<b>Predecessor</b> (in thousands of Swiss Francs)	Notes	Share capital	Share premium	Cash flow hedging reserve	Actuarial gains & losses	Retained earnings / (Accumulated deficit)	Total equity attributable to equity holders
<b>Balance at January 1, 2012</b>		<b>400,000</b>	<b>200,000</b>	<b>—</b>	<b>(46,511)</b>	<b>(331,180)</b>	<b>222,309</b>
Profit / (loss)						14,881	14,881
<b>Total comprehensive income / (loss)</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>14,881</b>	<b>14,881</b>
<b>Balance at February 29, 2012</b>		<b>400,000</b>	<b>200,000</b>	<b>—</b>	<b>(46,511)</b>	<b>(316,299)</b>	<b>237,190</b>
<b>Successor</b> (in thousands of Swiss Francs)		Share capital	Share premium	Cash flow hedging reserve	Actuarial gains & losses	Retained earnings / (Accumulated deficit)	Total equity attributable to equity holders
<b>Balance at March 1, 2012</b>	<b>13</b>	<b>80</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>80</b>
Profit / (loss)						(107,477)	(107,477)
Gains / (losses) on cash flow hedge				(9,756)			(9,756)
Remeasurement of defined benefit obligation					7,061		7,061
Deferred tax on items recognized directly in other comprehensive income / (loss)				2,810	(1,167)		1,643
<b>Total comprehensive income / (loss)</b>		<b>—</b>	<b>—</b>	<b>(6,947)</b>	<b>5,894</b>	<b>(107,477)</b>	<b>(108,529)</b>
Capital increase	<b>13</b>	147,661	590,645				738,306
Repayment of share premium	<b>13</b>		(91,800)				(91,800)
Share premium increase	<b>13</b>		1,240				1,240
<b>Balance at December 31, 2012</b>	<b>13</b>	<b>147,741</b>	<b>500,086</b>	<b>(6,947)</b>	<b>5,894</b>	<b>(107,477)</b>	<b>539,298</b>
<b>Successor</b> (in thousands of Swiss Francs)		Share capital	Share premium	Cash flow hedging reserve	Actuarial gains & losses	Retained earnings / (Accumulated deficit)	Total equity attributable to equity holders
<b>Balance at January 1, 2013</b>		<b>147,741</b>	<b>500,086</b>	<b>(6,947)</b>	<b>5,894</b>	<b>(107,477)</b>	<b>539,298</b>
Profit / (loss)						(58,313)	(58,313)
Gains / (losses) on cash flow hedge	<b>11</b>			5,167			5,167
Remeasurement of defined benefit obligation	<b>10</b>				25,010		25,010
Deferred tax on items recognized directly in other comprehensive income / (loss)	<b>8</b>			(1,466)	(7,350)		(8,816)
<b>Total comprehensive income / (loss)</b>		<b>—</b>	<b>—</b>	<b>3,701</b>	<b>17,660</b>	<b>(58,313)</b>	<b>(36,951)</b>
Share Premium increase	<b>13</b>		750				750
<b>Balance at December 31, 2013</b>	<b>13</b>	<b>147,741</b>	<b>500,836</b>	<b>(3,246)</b>	<b>23,555</b>	<b>(165,789)</b>	<b>503,097</b>

the accompanying notes are an integral part of the consolidated financial statements

2012 figures are restated as a result of changes in accounting standards (see note 2)



## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of Swiss Francs)	Notes	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
<b>OPERATING ACTIVITIES</b>				
Profit / (loss)		(58,313)	(107,477)	14,881
Adjustments to reconcile net income/(loss) to funds generated from operations				
Depreciation, amortization and Impairment	7	329,312	238,827	29,702
Result on disposal of PPE		(13)	(122)	(10)
Change in other provisions		(133)	3,352	1,676
Income tax recognized in the income statement	8	(17,850)	13,512	5,828
Interest income and expense, net		99,028	101,334	2,332
Foreign exchange gains and losses, net		(5,119)	(3,112)	292
Derivatives		(2,919)	(2,463)	—
Change in inventories, trade receivables and trade payables				
Decrease/(increase) in inventories		(2,936)	6,197	2,903
Decrease/(increase) in trade receivables		23,171	(1,837)	(15,053)
Increase/(decrease) in trade payables		(5,211)	35,987	24,581
Other changes in working capital requirements				
Decrease/(increase) in other receivables		(8,547)	27,093	(39,235)
Increase/(decrease) in other payables		11,993	(2,526)	(325)
Other net cash out				
Income tax paid	8	(241)	(638)	(67)
Decrease / (increase) in deposits		(800)	(508)	13
<b>Net cash provided by operating activities</b>		<b>361,424</b>	<b>307,620</b>	<b>27,518</b>
<b>INVESTING ACTIVITIES</b>				
Purchases/sales of property, plant and equipment and intangible assets				
Purchases of property, plant and equipment and intangible assets	7	(160,209)	(218,612)	(31,088)
Proceeds from sales of property, plant and equipment and intangible assets		13	27,276	225
Purchase of interests in subsidiaries, net of cash acquired		—	(1,317,286)	—
<b>Net cash used in investing activities</b>		<b>(160,196)</b>	<b>(1,508,622)</b>	<b>(30,863)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance				
Bonds		0	1,301,913	—
Bonds issuance costs		—	(36,547)	—
Term loan A		—	102,197	—
Term loan A issuance costs		—	(15,970)	—
Long-term debt		—	—	89
Interest income received		186	146	73
Redemptions and repayments				
Bonds (Principal)	II	(60,000)	—	—
Early Redemption fees	II	(1,200)	—	—
Term loan A		—	(102,197)	—
Repayment of France Telecom loan		—	(508,438)	(408,562)
Long-term debt & Intercompany loans		(33,737)	(136)	—
Interest paid and interest rates effects on derivatives, net		(81,226)	(60,728)	(5,102)
Other changes				
Equity contribution from APEM		—	738,306	—
Share premium increase		750	1,240	—
Repayment of Share premium		—	(91,800)	—
<b>Net cash provided by / (used in) financing activities</b>		<b>(175,227)</b>	<b>1,327,988</b>	<b>(413,502)</b>
<b>Net change in cash and cash equivalents</b>		<b>26,001</b>	<b>126,985</b>	<b>(416,847)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>139,691</b>	<b>12,710</b>	<b>429,500</b>
Effect of exchange rates changes on cash and cash equivalents		(41)	(4)	(22)
Other		(679)	—	—
<b>Net change in cash and cash equivalents</b>		<b>26,001</b>	<b>126,985</b>	<b>(416,847)</b>
<b>Cash and cash equivalents at end of period</b>		<b>164,972</b>	<b>139,691</b>	<b>12,631</b>

2012 figures are restated as a result of changes in accounting standards (see note 2)

the accompanying notes are an integral part of the consolidated financial statements

## CONSOLIDATED FINANCIAL STATEMENTS

### Note 1—Segment Information

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision-Maker (the Group) in accordance with the Group's accounting policies. The operating segments have been determined based on the Management reports.

Assets and liabilities are not allocated to operating segments in the management reports reviewed by the Board of Directors, as they represent working capital for the Group.

The "Gross margin after commercial expenses and cost of equipment sold" is the main measurement reported to the Board of Directors for the assessment and assessment of segment performance.

The Group activity is mainly operated in Switzerland.

The Group's internal reporting is based on the following segments:

- Consumer: relates to consumers
- Enterprise: relates to the B to B and Wholesale & MVNO segments
- Other: mainly relates to head office activities

In its December 31, 2012 consolidated accounts, the Group reported a segment "Wholesale & MVNO". This segment is now fully integrated into the Enterprise segment.

	Consumer		Enterprise				Other	
	Successor	Successor	Predecessor	Successor	Successor	Predecessor	Successor	Successor
(in thousands of Swiss Francs)	1 Jan to 31 Dec 13	1 Mar to 31 Dec 12	1 Jan to 29 Feb 12	1 Jan to 31 Dec 13	1 Mar to 31 Dec 12	1 Jan to 29 Feb 12	1 Jan to 31 Dec 13	1 Jan to 31 Dec 12
<b>Revenue</b>	<b>1,024,103</b>	<b>894,216</b>	<b>161,087</b>	<b>254,127</b>	<b>213,187</b>	<b>41,757</b>	<b>13,196</b>	<b>13,196</b>
Access backbone and interconnection	(151,486)	(141,506)	(26,808)	(50,071)	(41,217)	(8,483)	(3,422)	(3,422)
Commercial expenses and cost of equipment sold	(319,834)	(304,769)	(49,628)	(67,075)	(50,177)	(8,012)	(1,019)	(1,019)
<b>Gross margin post-commercial expenses and cost of equipment sold</b>	<b>552,783</b>	<b>447,941</b>	<b>84,651</b>	<b>136,980</b>	<b>121,793</b>	<b>25,262</b>	<b>8,755</b>	<b>8,755</b>

**Gross margin to Operating profit / (loss) reconciliation:**

	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
<b>(in thousands of Swiss Francs)</b>			
<b>Gross margin post-commercial expenses and cost of equipment sold</b>	<b>698,518</b>	<b>579,382</b>	<b>109,758</b>
Network, IT, property expenses and other purchases	(173,516)	(146,800)	(31,010)
Labour expenses	(113,127)	(113,738)	(23,155)
Other operating expenses	(33,325)	(16,788)	(4,773)
Other operating income	9,936	4,065	7,951
<b>Adjusted EBITDA</b>	<b>388,487</b>	<b>306,121</b>	<b>58,771</b>
Result on disposal and other gains	13	122	10
Restructuring, transition and transaction costs	(22,949)	(45,290)	(1,079)
Corporate and brand fees	(21,410)	(18,897)	(4,991)
<b>EBITDA</b>	<b>344,140</b>	<b>242,056</b>	<b>52,711</b>
Depreciation, amortization and impairment	(329,312)	(238,827)	(29,702)
<b>Operating profit / (loss)</b>	<b>14,828</b>	<b>3,229</b>	<b>23,009</b>

*2012 figures are restated as a result of changes in accounting standards (see note 2)*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Note 2—Description of business and basis of preparation of the consolidated financial statements

#### 2.1 Description of business and purpose of preparation

Olympus Debtco S.A. was incorporated on December 23, 2011 in Luxembourg. At this date, it founded its subsidiary Olympus Bidco S.A.. These companies were established by Apax Partners Europe Manager Ltd (APEM) to acquire a 100% interest in Orange Communications SA.

On January 27, 2012, these companies were renamed Matterhorn Mobile Holdings S.A. (hereafter “the Company”) and Matterhorn Mobile S.A., respectively.

The Company indirectly holds 100% of its principal operating company, Orange Communications SA, which was incorporated on January 10, 1998 in Lausanne, Switzerland and its subsidiaries (all together, the “Group”). Please refer to note 14 for all companies included in the Group.

Orange Communications SA and its subsidiaries (hereafter “Orange Switzerland”) provide consumers, businesses and other telecommunication operators with a wide range of services including mobile telecommunications, data transmission, Internet and other value-added services. Orange Switzerland was acquired by Matterhorn Mobile S.A. on February 29, 2012 (the “Transaction Date”).

These consolidated financial statements as at December 31, 2013 (Successor) and the related consolidated statements of profit / (loss), comprehensive income / (loss), changes in equity and cash flows for year then ended were approved and authorised for issue on March 25, 2014 by the Board of Directors of Matterhorn Mobile Holdings S.A.

#### 2.2 Basis of preparation of the 2013 consolidated financial statements

In these consolidated financial statements, “Successor” refers to the Company and “Predecessor” refers to Orange Switzerland prior to the Acquisition. The consolidated financial statements are presented for Successor and Predecessor periods, which relate to the accounting periods after and before the transaction date.

The Successor and Predecessor periods have been separated by a vertical line on the face of the consolidated financial statements to highlight the fact that the financial information for such periods represents information for different legal entities.

##### (a) Successor periods

For periods from and after March 1, 2012, the consolidated financial statements include the operating results and financial position of the Company and its subsidiaries, including Orange Switzerland (Please refer to note 14 for more details).

##### (b) Predecessor periods

For comparative purposes, Orange Switzerland consolidated financial statements have been included in the consolidated financial statements for the period prior to February 29, 2012. Orange Switzerland’s financial performance and financial condition reflected in these accompanying financial statements may not be indicative of the Company’s financial performance and financial condition in the future.

**These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as endorsed by the European Union.**

This is the second financial year of Matterhorn Mobile Holdings S.A. Orange Switzerland has been considered as an ongoing IFRS issuer, since Orange Communications SA issued individual financial statements in accordance with IFRS until December 31, 2007, as well as consolidated financial statements as at December 31, 2008, 2009, 2010 and 2011. These consolidated financial statements have been prepared using the same accounting policies as those applied by the Group in 2012, except for the standards effective for the first time in 2013.

**Note 2—Description of business and basis of preparation of the consolidated financial statements (Continued)**

**2.2.1 New standards and Amendments to IFRS affecting amounts reported in the financial statements**

The following revised standards and amendments which are effective for annual periods starting as from January 1, 2013, have been properly applied by the Group:

**IAS 19 (amendment) Employee benefits**—IAS 19 (as revised in 2011) defines the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ (not used by the Group in its consolidated accounts for the period ending December 31, 2012) permitted under the previous version of IAS19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS19 are replaced with a “net interest” amount under IAS19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the table below for details). In addition, IAS19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

IAS 19 amendment dated November 2013 and applicable for annual periods beginning on or after 1 July 2014 has been early adopted in 2013. This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.

Matterhorn Mobile Holdings S.A. has implemented the amendments. For previous periods, the impact on the consolidated statement of financial position, the consolidated statement of profit / (loss) and the consolidated statement of comprehensive income / (loss) may be analysed as follows:

Consolidated statement of profit / (loss):

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor (Reported)	January 1, 2012 to February 29, 2012 Predecessor (Reported)	Adjustment	March 1, 2012 to December 31, 2012 Successor (Adjusted)	January 1, 2012 to February 29, 2012 Predecessor (Adjusted)
Labour expenses	(113,338)	(23,155)	(400)	(113,738)	(23,155)
<b>Operating profit / (loss)</b>	<b>3,629</b>	<b>23,009</b>	<b>(400)</b>	<b>3,229</b>	<b>23,009</b>
Financial expenses	(100,362)	(2,373)	(2,257)	(102,619)	(2,373)
Financial income	5,426	73	—	5,426	73
<b>Finance costs, net</b>	<b>(94,936)</b>	<b>(2,300)</b>	<b>(2,257)</b>	<b>(97,193)</b>	<b>(2,300)</b>
<b>Profit / (loss) before tax</b>	<b>(91,308)</b>	<b>20,709</b>	<b>(2,657)</b>	<b>(93,965)</b>	<b>20,709</b>
Income tax	(13,512)	(5,828)	—	(13,512)	(5,828)
<b>Profit / (loss)</b>	<b>(104,820)</b>	<b>14,881</b>	<b>(2,657)</b>	<b>(107,477)</b>	<b>14,881</b>
Profit / (loss) attributable to equity owners	(104,820)	14,881	(2,657)	(107,477)	14,881



**Note 2—Description of business and basis of preparation of the consolidated financial statements (Continued)**

Consolidated statement of comprehensive income / (loss):

(in thousands of Swiss Francs)	March 1, 2012 to December 31, 2012 Successor (Reported)	January 1, 2012 to February 29, 2012 Predecessor (Reported)	Adjustment	March 1, 2012 to December 31, 2012 Successor (Adjusted)	January 1, 2012 to February 29, 2012 Predecessor (Adjusted)
<b>Profit / (loss)</b>	<b>(104,820)</b>	<b>14,881</b>	<b>(2,657)</b>	<b>(107,477)</b>	<b>14,881</b>
Gains / (losses) on cash flow hedge	(9,756)	—	—	(9,756)	—
Deferred tax on items recognized directly in other comprehensive income / (loss)	2,810	—	—	2,810	—
<b>Net other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods</b>	<b>(6,947)</b>	<b>—</b>	<b>—</b>	<b>(6,947)</b>	<b>—</b>
Remeasurement of defined benefit obligation	4,404	—	2,657	7,061	—
Deferred tax on items recognized directly in other comprehensive income / (loss)	(1,167)	—	—	(1,167)	—
<b>Net other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods</b>	<b>3,237</b>	<b>—</b>	<b>2,657</b>	<b>5,894</b>	<b>—</b>
<b>Other comprehensive income / (loss) after tax</b>	<b>(3,709)</b>	<b>—</b>	<b>2,657</b>	<b>(1,052)</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>	<b>(108,529)</b>	<b>14,881</b>	<b>0</b>	<b>(108,529)</b>	<b>14,881</b>

Consolidated statement of financial position:

(in thousands of Swiss Francs)	December 31, 2012 Successor (Reported)	Adjustment	December 31, 2012 Successor (Adjusted)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	147,741	—	147,741
Share premium	500,086	—	500,086
Retained earnings / (Accumulated deficit)	(104,820)	(2,657)	(107,477)
Reserves	(3,709)	2,657	(1,052)
<b>Total equity</b>	<b>539,297</b>	<b>(0)</b>	<b>539,297</b>

The Group restates its December 31, 2012 accounts. However, the impact of this restatement is not material and therefore the Group considers that it is not necessary to present a third balance sheet.

**Note 2—Description of business and basis of preparation of the consolidated financial statements (Continued)**

**IAS 1 (amendments)—Presentation of items of other comprehensive income.** The amendments are the following:

- Preserve the amendments made to IAS 1 in 2007 to require profit or loss and OCI to be presented together, i.e. either as a single ‘statement of profit or loss and comprehensive income’, or a separate ‘statement of profit or loss’ and a ‘statement of comprehensive income’—rather than requiring a single continuous statement as was proposed in the exposure draft
- Require entities to group items presented in OCI based on whether they are potentially reclassifiable to profit or loss subsequently, i.e. those that might be reclassified and those that will not be reclassified
- Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).

The Group has applied this new standard in 2013 with an impact on its consolidated financial statements. Please refer to “The Consolidated Statement of Comprehensive Income”.

**2.2.2 New and revised IFRS in issue but not yet effective**

The Group has not early adopted any IFRS as endorsed by the European Union, which is not yet effective.

It is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. The Group is currently assessing the impact of the application of these standards, amendments and interpretations.

New standards and interpretations issued but not yet effective are the following:

**IFRS 10 Consolidated financial statements.** The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in “special purpose entities”). Under IFRS 10, control is based on whether an investor has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount its returns.

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements*

**IFRS 11 Joint arrangement** replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements*

**IFRS 12 Disclosures of interests in other entities** requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements*

**Note 2—Description of business and basis of preparation of the consolidated financial statements (Continued)**

**IFRS 10, IFRS 11 and IFRS 12 (amendments)**—Consolidated financial statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance.

*The Group anticipates that the application of these standards will not have a material impact on amounts reported in the consolidated financial statements*

**IFRS 13 Fair value measurement** defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a ‘fair value hierarchy’ based on the nature of the inputs:

- Level 1—quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2—inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3—unobservable inputs for the asset or liability

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements*

**IAS 27 (revised) Separate financial statements.**

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements*

**IAS 28 (revised) Investments in associates and joint ventures**

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements*

**Financial Instruments (IFRS 9).** IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements*

**Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements.*

**Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36).**

*The Group anticipates that the application of the new standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.*

**Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)**

*The Group anticipates that the application of the new standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the financial statements.*

**Note 2—Description of business and basis of preparation of the consolidated financial statements (Continued)**

**IFRS 7 (amendment) Offsetting financial assets and financial liabilities and IAS 32 (amendment) Offsetting financial assets and financial liabilities**

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements*

**IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine and IFRIC 21 Levies**

*The Group anticipates that the application of these standards will not have a material impact on amounts reported in the consolidated financial statements*

**IFRS 14 Regulatory Deferral Accounts**

*The Group anticipates that the application of this standard will not have a material impact on amounts reported in the consolidated financial statements*

**2.3 Reclassifications**

The Group proceeded to a reclassification in its consolidated statement of profit / (loss) as at December 31, 2013, for clarity purposes. Discounts granted to customers to reward referrals were reclassified from revenue to commercial expenses for an amount of CHF 2.4 million as at December 31, 2013. No impact on operating profit.

Comparative figures in the present financial statements were not restated, as such reclassification was immaterial.

**2.4 Use of estimates and judgements**

In preparing the Group financial statements, the Group's management makes estimates, judgements and assumptions, insofar as many elements included in the financial statements cannot be measured with precision. These estimates and underlying assumptions are revised if the underlying circumstances evolve or in light of new information or experience.

Consequently, estimates made as at December 31, 2013 may subsequently be changed. The underlying assumptions used for significant estimates are as follows:

		<b>Nature of estimate and judgement</b>
Note 4	Business Combinations	Selection of the key measurement methods and assumptions used to identify intangible assets in business combinations.
Note 4	Impairment	Impairment loss determination at the level of the Cash Generating Units ("CGU"), intangible assets and property, plant and equipment not generating cash inflows that are largely independent of those from CGUs Level of grouping of CGUs for goodwill impairment testing Key assumptions used to determine recoverable amounts: value in use (discount rate, perpetual growth rate, expected cash flows), market value (revenue and EBITDA multiples for comparable companies or transactions, cash flows) Assessment of economic and financial environment
Note 5.1	Revenues	Allocation of each separable component of a bundled offer based on the relative fair value of the individual components Straight-line recognition of revenue relating to invoiced service access fees depending on the nature of the product and historical contractual relationship Reporting of revenue on a net versus gross basis (depending on an analysis of the Group's involvement as either agent or principal)

**Note 2—Description of business and basis of preparation of the consolidated financial statements (Continued)**

		<b>Nature of estimate and judgement</b>
Note 7	Purchases of property, plant and equipment, intangible assets other than goodwill	Determination of the useful life of the assets based on an assessment of the technological, legal or economic environments
Note 8	Income tax, deferred tax assets and liabilities	Assumptions used for recognition of deferred tax assets arising from the carry forward of unused tax losses and consequences of changes in tax laws
Note 9	Provisions	Provisions for termination benefits and restructuring: discount rate, plan success rate  Provisions for claims and litigation: assumptions underlying risk assessment and measurement  Provisions for dismantling: churn rate, discount rate, antenna residual useful life and restoring cost
Note 10	Employee benefits	Discount rate, inflation rate, salary increases, mortality table
Notes 11 & Note 13	Operating expenses and financial expenses	Qualification of tax expenses as Operating or Financial expense (Capital Tax).
Note 12	Fair value of financial assets and liabilities	Financial models, selection of parameters

The consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue its operations under the scope defined above.

**2.5 Audit fees**

The Group's consolidated financial statements are audited by Deloitte Audit, Luxembourg. The total fees are shown below:

<b>(in thousands of Swiss Francs)</b>	<b>2013</b>	<b>2012</b>
Audit fees	531	647
Other services (1)	—	1,558
<b>Fees</b>	<b>531</b>	<b>2,205</b>

(1) In 2012, other services mainly related to the services rendered in the context of the acquisition of Orange Communications S.A. by Apax Partners Europe Manager Ltd (APEM).

**Note 3—Accounting policies**

This note describes the accounting policies applied to prepare the consolidated financial statements for the years ended December 31, 2013 and December 31, 2012, for both Successor and Predecessor periods. When applicable, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

**3.1 Presentation of the consolidated financial statements**

***Consolidated statement of profit / (loss)***

Expenses are presented in the statement of profit / (loss) based on their nature.

Operating profit corresponds to net income / (loss) before:

- financial expenses;



### **Note 3—Accounting policies (Continued)**

- financial income;
- income tax (current and deferred taxes).

#### ***Consolidated statement of other comprehensive income / (loss)***

This statement reconciles the consolidated net income / (loss) to the comprehensive income / (loss) for the period. It presents other items of income and expense before tax (“components of other comprehensive income / (loss)”), as well as the tax relating to such items which are not recognised in consolidated net income for the period:

- remeasurement of cash flow hedge instruments;
- remeasurement of defined benefit obligations;
- total amount of tax relating to the above items.

#### ***Consolidated statement of financial position***

Current and non-current items are presented separately in the statement of financial position: assets and liabilities with a term of no more than twelve months are classified as current, whereas assets and liabilities with a term of more than twelve months are classified as non-current.

#### ***Consolidated statement of cash flows***

The statement of cash flows is reported using the indirect method from the consolidated net income and is broken down into three categories:

- net cash provided by / (used in) operating activities;
- net cash provided by / (used in) investing activities;
- net cash provided by / (used in) financing activities.

Income taxes are included in the cash flows arising from operating activities. Financial expenses are included in the cash flows arising from financing activities.

#### ***Segment reporting***

The operating segments are components of the Group that engage in business activities and whose operating results based on the internal reporting are reviewed by the Board of Directors (the chief operating decision-maker) in order to determine the allocation of resources and to assess of the operating segments’ performance.

The Group operates in two operating segments: Consumer and Enterprise.

### **3.2 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

### Note 3—Accounting policies (Continued)

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control on the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income / (loss) from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup transactions and balances are eliminated in consolidation.

#### 3.3 Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred to the former owners of the acquiree by the Group, and the equity interests issued by the Group in exchange for control of the acquiree. Transaction costs are recognised as a profit or loss as incurred.

At the acquisition date, the identifiable assets and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefits arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively and;
- assets that are classified as held for sale in accordance with IFRS 5—*Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of identifiable assets, liabilities and contingent liabilities taken over, regardless of the level of the investment held, is recognised as goodwill. Goodwill is not amortised, but tested annually for impairment.

Therefore, the evolution of general economic and financial trends, the different levels of resilience of the telecommunication operators with respect to the decline of local economic environments, the changes in the market capitalisation values of telecommunication companies, as well as actual economic performance compared to market expectations represent external indicators that are analysed by the Group, together with internal performance indicators, in order to assess whether an impairment test should be performed more than once a year.

IAS 36 requires that these tests be performed at the level of each Cash Generating Unit (CGU) or groups of CGUs which are likely to benefit from acquisition-related synergies, within an operating segment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This allocation is reviewed if the Group changes the level at which it monitors return on investment for goodwill testing purposes. To determine whether an impairment loss should be recognised, the carrying value of the assets and liabilities of the CGUs or groups of CGUs is compared to recoverable amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use.

Impairment loss for goodwill is recorded in operating expenses and is never reversed subsequently.

Intangible assets acquired in business combinations and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

### **Note 3—Accounting policies (Continued)**

Contingent consideration, if any, is recognised against the acquisition cost at the acquisition date if the adjustment is probable and can be measured reliably. Subsequent changes in contingent consideration are accounted for against goodwill during the measurement period.

#### **3.4 Effect of changes in foreign exchange rates**

##### ***Functional and presentation currency***

The Swiss Franc (CHF) is the functional currency of all entities within the Group and is the Group's presentation currency.

##### ***Transactions in foreign currencies***

Transactions in foreign currencies are converted into the entities' functional currency at the exchange rate of the transaction date. Monetary assets and liabilities are remeasured at the exchange rate of the end of each reporting period and the resulting translation differences are recorded in the income statement:

- in operating profit for commercial transactions;
- in financial income or financial expenses for financial transactions.

Both for transactions qualifying as hedge accounting and for transactions qualifying as economic hedge, the change in fair value of derivatives that can be attributed to changes in exchange rates is recorded in operating profit when the underlying hedged item is a trade commercial transaction and in financial income when the underlying hedged item is a financial receivable or a liability. As the hedged item is not recognised in the statement of financial position in the context of a cash flow hedge of a highly probable forecast transaction, the effective portion of change in fair value of the hedging instrument is recorded in other comprehensive income and reclassified in:

- profit or loss in accordance with the precedent method with respect to financial assets and liabilities;
- the initial cost of the hedged item with respect to the non-financial assets and liabilities.

#### **3.5 Revenue**

Revenue from the Group activities is measured and accounted in accordance with IAS 18 "Revenue".

##### ***Separable components of bundled offers***

Numerous packages offered by the Group include two components: equipment (e.g. a mobile handset) and service (e.g. a voice plan). As far as a sale with multiple products or services is concerned, the Group analyses all deliverables in the arrangement to determine whether they represent separate units of accounting. A component (product or service) is considered to be a separate unit of accounting if (i) it has a standalone value to the customer and (ii) there is objective and reliable evidence of the fair value of the undelivered component(s).

The fixed or determinable total amount in the arrangement is allocated to the components based on their relative fair value. However, when an amount allocated to a delivered component is contingent upon the delivery of additional components or the satisfaction of specific performance conditions, the amount allocated to that delivered component is limited to the non-contingent amount. The case arises in the mobile business for sales of bundled offers including a handset and a telecommunication access service. The handset is considered to have a standalone value to the customer, and there is objective and reliable evidence of fair value for the telecommunication access service to be delivered. As the amount that could be allocated to the handset generally exceeds the amount to be received from the customer at the date the handset is delivered, revenue recognised from the sale of the handset is generally limited to the amount in the arrangement that is not contingent upon the rendering of access services, i.e. the amount paid by the customer for the handset.

### **Note 3—Accounting policies (Continued)**

For offers that cannot be separated in identifiable components, revenues are recognised in full over the life of the contract. The main example relates to the connection service. The connection service is not a component which can be separated from the subscription and communication; therefore connection fees are recognised over the expected average life of the contractual relationship.

#### ***Equipment sales***

Revenue from equipment sales is recognised when the significant risks and rewards of ownership are transferred to the customer.

#### ***Equipment rentals***

In accordance with IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, equipment for which a right of use is granted is analysed in accordance with IAS 17 “Leases”.

Revenue from equipment lease is recognised on a straight-line basis over the life of the lease agreement, except when the lease is determined to be a finance lease; in such a case, equipment is then considered sold with deferred payment terms.

#### ***Content sales***

The accounting for revenue sharing arrangements and supply of contents depends on the analysis of the facts and circumstances surrounding these transactions. Thus, an analysis is performed using the following criteria to determine whether the revenue is recognised on:

- a gross basis when the Group:
  - is the primary obligor in the arrangement;
  - bears inventory risk;
  - has a reasonable latitude in establishing price with the end-customer;
  - bears the customer’s credit risk.
- a net basis when:
  - the service provider is responsible for the service and for establishing the price to be paid by the subscriber;
  - the service provider is responsible for supplying the content to the end-customer and for establishing the retail price.

#### ***Service sales***

Revenue from telecommunication and Internet access subscription fees, including those from wholesale, is recognised on a straight-line basis over the subscription period.

Revenues from incoming and outgoing telephone calls, including those from the wholesale of traffic data, are recognised when the service is rendered.

Revenues from the sale of transmission capacity through cables as well as those from local loop unbundling are recognised on a straight-line basis over the life of the contract.

## **Note 3—Accounting policies (Continued)**

### ***Promotional offers***

Revenues are stated net of discounts. Certain commercial offers include a free service over a certain period (time-based incentives) when the customer commits to a fixed period contract. In such circumstances the total revenue generated under the contract is spread over the fixed and non-cancellable contract period.

### ***Customised contracts***

The Group offers customised solutions, in particular to its business customers. The related contracts are analysed as multiple-element transactions (including management of the telecommunication network, access, voice and data transmission and migration). The commercial discounts granted under these contracts, if certain conditions are fulfilled, are recorded as a deduction from revenue based on the specific terms of each contract. Migration costs incurred by the Group under these contracts are recognised in expenses when they are incurred.

## **3.6 Subscriber acquisition and retention costs, advertising and related cost**

### ***Subscriber acquisition and retention costs***

Subscriber acquisition and retention costs, other than costs incurred in the context of loyalty programs, are recognised as an expense from the period in which they are incurred, i.e. upon acquisition or contract renewal. In some cases, contractual clauses with retailers include a profit-sharing based on revenue recognised and paid: such costs are recognised in profit or loss when the related revenue is recognised.

### ***Advertising and related costs***

Advertising, promotion, sponsoring, communication and brand marketing costs are expensed when incurred.

## **3.7 Other intangible assets**

Intangible assets mainly consist of licenses, content rights, indefeasible rights of use, patents, development costs and software.

### ***Gross value***

Intangible assets are initially recognised at their acquisition or production cost. When intangible assets are acquired in a business combination, their cost is determined in connection with the purchase price allocation based on their respective market value. When their market value is not readily determinable, cost is determined using generally accepted valuation methods based on revenues, costs or other appropriate criteria.

Internally generated trademarks and subscriber bases are not recognised as assets.

Indefeasible Rights of Use (IRUs) acquired by the Group correspond to the right to use cable or capacity transmission cable granted for a fixed period. IRUs are recognised as assets when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right corresponds to the major part of the economic life of the underlying asset.

The Group's research and development projects mainly relate to the upgrade of the network architecture or functionality and the development of service platforms aimed at offering new services to the Group's customers. These projects generally give rise to the development of software. Development costs are only capitalised when the following conditions are met:

- the intent to complete the intangible asset and use or sell it and the ability of adequate technical and financial resources for this purpose;
- the probability that the intangible asset will generate future economic benefits for the Group; and
- expenditure related to the development of the intangible can be measured reliably.



### **Note 3—Accounting policies (Continued)**

#### ***Depreciation***

Intangible assets are amortised on straight-line basis over their expected useful life.

Licenses to operate mobile telephone networks are amortised over the license period from the date when the network is technically ready and the service can be marketed. The right to operate a mobile network is recorded in an amount corresponding to the fixed portion of the royalties due when the license was granted. The variable user fee is expensed as incurred.

Intangible assets related to internal and external software developments are amortised over a period from 3-5 years.

Subsequent to initial recognition, intangibles assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

### **3.8 Property, plant and equipment**

#### ***Gross Value***

Fixed assets are recognised at their purchase or production cost, which include costs directly attributable to bringing the asset to the location and to a working condition for its intended use. It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, representing the obligation incurred by the Group.

The cost of networks includes design and construction costs, as well as costs related to the improvement in equipment and facility capacity.

The total cost of an asset is allocated to its different components. Each component is accounted for separately when the components have different useful lives or when the pattern in which their future economic benefits are expected to be consumed by the entity varies. Depreciation rate and method of such components are different accordingly.

Maintenance and repair costs are recognised in profit or loss as incurred, except where they serve to increase the productivity or useful life of the asset.

#### ***Operating / Finance leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the agreement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the agreement conveys a right to the Group to the use of the asset.

Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased item to the Group. These are classified at the inception of the lease, in accordance with its nature and the associated liability, at the lower of the present value of the minimum lease payments or the fair value of the leased property. Lease payments are apportioned between finance costs and reduction of the principal of lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are reflected in the income statement over the lease term.

In firm sale and leaseback transactions resulting in a finance lease, the asset sold is not derecognised and the cash received is considered finance for the lease term. However, when the sale and leaseback transaction results in an operating lease, and it is clear that both the transaction and subsequent lease income are established at fair value, the asset is derecognised and any gain or loss generated on the transaction is recognised.

## **Note 3—Accounting policies (Continued)**

### ***Depreciation***

Depreciation is based on the cost of a property, plant and equipment less any residual value and reflects the pattern in which the future economic benefits of the asset are expected to be consumed. Thus, the asset is usually depreciated on the straight-line basis over the following estimated useful lives:

Buildings and leasehold improvements	10 to 30 years
Switching, transmission and other network equipment	5 to 10 years
Cables and civil works	15 to 30 years
Computer hardware	3 to 5 years

These useful lives are reviewed annually and are adjusted if they differ from previous estimates. These changes in accounting estimates are recognised prospectively.

### **3.9 Impairment of non-current assets**

At the end of each reporting period, the Group reviews the carrying amount of its property, plant and equipment and intangible assets with definite useful life to determine whether there is any indication that those assets have suffered an impairment loss.

Indicators of impairment include events or circumstances occurring during the period (such as obsolescence, physical damage, significant changes to the manner in which the asset is used, worse than expected economic performance, a drop in revenues or other external indicators).

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss (if any).

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use, which is assessed using the discounted cash flows method based on management's best estimate of the set of economic conditions. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of cash-generating units to which the asset belongs to.

The impairment loss recognised is equal to the difference between the net book value and the recoverable amount.

### **3.10 Financial assets and liabilities**

Financial assets and liabilities are recognised initially at fair value. They are subsequently measured either at fair value or amortised cost using the effective interest method depending on the category in which they are classified.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. This calculation includes all fees and points paid or received between parties to the contract.

#### ***Recognition and measurement of financial assets***

The Group does not hold any financial assets qualifying as held-to-maturity assets.

##### **3.10.1 Loans and receivables**

This category mainly includes trade receivables, cash, certain deposits, as well as other loans and receivables. These instruments are recognised at fair value upon origination and are subsequently measured at amortised cost using the effective interest method. Short-term receivables with no stated interest rate are measured at initial nominal amount unless there is any significant impact resulting from the application of an implicit interest rate.

### **Note 3—Accounting policies (Continued)**

If there is any objective evidence of impairment of these assets, the value of the asset is reviewed at the end of each reporting period. An impairment loss is recognised in profit or loss when the financial asset carrying amount is higher than its recoverable amount.

Impairment of trade receivables is based on two methods:

- A statistical method: It is based on historical losses and leads to a separate impairment rate for each ageing balance category. This analysis is performed over a homogenous group of receivables with similar credit characteristics because they belong to a customer category (mass-market, small offices and home offices).
- A stand-alone method: The probability and the amount of impairment loss are estimated based on a set of relevant factors (ageing of late payment, other balances with the counterpart, rating from independent agencies, geographical area). This method is used for carriers and operators (domestic and international), local, regional and national authorities and for large accounts of Company Communication Services.

Recognition of impairment losses on a group of receivables is the step preceding the detection of impairment losses on individual receivables. When information is available (clients in bankruptcy or subject to equivalent judicial proceedings), these receivables are then excluded from the statistical database and individually impaired.

Financial assets are fully or partially derecognised when:

- The rights to receive cash flows from the asset have expired.
- An obligation to pay the cash flows received from the asset to a third party has been assumed.
- The rights to receive cash flows from the asset have been transferred to a third party and all the risks and rewards of the asset have been substantially transferred.

#### **3.10.2 Financial assets or financial liabilities at fair value through profit or loss**

Financial assets at fair value through profit or loss are:

- assets held for trading that the Group acquired principally for the purpose of selling them in the short term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking;
- derivative assets not qualifying for hedge accounting.

#### ***Recognition and measurement of financial liabilities***

##### **3.10.3 Borrowings and other liabilities**

Borrowings and other financial liabilities at amortised cost are recognised upon inception at fair value of the sums paid or received in exchange of the liability, and subsequently measured at amortised cost using the effective interest method. Current interest-free payables are booked at their nominal value.

Transaction costs that are directly related to the acquisition or issuance of a financial liability are deducted from its carrying value. The costs are subsequently amortised over the life of the liability by using the effective interest method.

Within the Group, some financial liabilities at amortised cost are subject to hedge accounting. They mostly relate to foreign currency borrowings in order to hedge future cash flows against changes in currency value (cash flow hedge).

## **Note 3—Accounting policies (Continued)**

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss consist mainly of derivative instruments described below.

#### **3.10.4 Recognition and measurement of hedging derivatives liabilities**

Derivatives are measured at fair value and are presented in the statement of financial position according to their maturity date whether or not they do qualify for hedge accounting under IAS 39.

Derivatives are financial assets or liabilities measured at fair value through profit or loss and are classified in a separate line item of the statement of the financial position when they qualify for hedge accounting.

Hedge accounting is applicable when:

- at the inception of the hedge there is a formal designation and documentation of the hedging relationship;
- at the inception of the hedge and in subsequent periods the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows related to the hedged risk during the period for which the hedge is designated (i.e. the actual results of the hedge are within a range of 80-125%).

Hedge accounting is the following:

- the cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular interest rate and/or currency risk associated with a recognised asset or liability or a highly probable forecast transaction (such as a future purchase or sale) and could affect profit or loss. The hedged item being not recognised, the effective portion of change in fair value of the hedging instrument is recognised in other comprehensive income. Such amounts are recycled to profit or loss when the hedged financial asset or hedged financial liability affects the income statement. When hedged item is not a financial asset or a financial liability, such amounts are reclassified in its initial cost.

Hedge accounting can be terminated when the hedged item is no longer recognised, when the Group voluntarily revokes the designation of the hedging relationship, or when the hedging instrument is terminated or exercised. The accounting consequences are for:

- Cash flow hedge: amounts booked in other comprehensive income are immediately reclassified in profit or loss when the hedged item is no longer recognised or, in all other cases, when the hedged item affects profit or loss.

Subsequent changes in the value of the hedging instrument are recorded in profit or loss.

### **3.11 Inventory**

Inventory comprises handsets and related accessories for resale and is measured at the lower of their cost and their net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs necessary to make the sale.

Obsolete, defective or slow-moving inventories have been written down to estimated net realisable value. The recoverable amount of inventory is calculated based on inventory age and turnover.

### **3.12 Income and deferred taxes**

The income tax expense is reviewed each year and includes both current and deferred taxes.

Current tax is measured by the Group at the amount expected to be paid to or recovered from the tax authorities of each country, based on its interpretation with regard to the application of tax legislation.

### **Note 3—Accounting policies (Continued)**

Deferred taxes are recognised for all temporary differences between the book values of assets and liabilities and their tax basis, as well as for unused tax losses, using the liability method taking into account the tax rates, which are enacted or substantially enacted at the end of the reporting period. Deferred tax assets are recognised only when their realisation is considered probable.

Deferred tax assets arising from tax losses are not recognised under certain circumstances specific to each tax entity, and particularly when:

- entities cannot assess the probability of the tax loss carryforwards being set off against future taxable profits, due to forecasts horizon and uncertainties as to the economic environment;
- entities have not yet begun to use the tax loss carryforwards;
- entities do not expect to use the losses within the timeframe allowed by tax regulations;
- tax losses are uncertain to be used due to the risks of divergent interpretations with regard to the application of tax legislation.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

### **3.13 Provisions**

A provision is recognised when the Group has a present obligation towards a third party as resulting from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's actions where, by an established pattern of past practice or published policies creating a valid expectation on the part of other parties that the Group will discharge certain responsibilities.

The estimate of the amount of the provision corresponds to the probable outflow of resources likely to be incurred by the Group to settle its obligation.

Contingent liabilities are disclosed in the notes to the financial statements. They correspond to:

- probable obligations resulting from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the Group's control; or
- present obligations arising from past events that are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or because the amount of the obligation cannot be measured with a sufficient reliability.

### ***Litigation***

In the ordinary course of business, the Group is involved in a number of legal and arbitration proceedings and administrative actions. The costs that might result from these proceedings are only accrued when they are probable and when their amount can be quantified or estimated within a reasonable range. The amount of provision recorded is based on a case-by-case assessment of the risk level, and events arising during the course of legal proceedings may require a reassessment of this risk.



## **Note 3—Accounting policies (Continued)**

### ***Restructuring***

Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan, prior to the end of the reporting period.

### ***Asset Retirement Obligation***

The Group is required to dismantle equipment and restore sites and office buildings. Provision is measured as the best estimate of the amount required to settle its obligations (on a per site basis for mobile antennas). These dismantling costs are calculated on the basis of the identified costs for the current financial year, extrapolated for future years using the best estimate of future trends in prices, inflation, etc., and are discounted at a risk-free rate, based on market yields on high quality corporate bonds (or on government bonds when no corporate bond market exists). This estimate is revised at the end of each reporting period and adjusted, when appropriate. The asset to which the provision relates is also adjusted for the corresponding amount.

### **3.14 Employee benefits**

The Group is affiliated to a legally independent pension fund. The annual contributions to this fund are made by both employee and employer in accordance with unchanged regulatory provisions. This is a defined contribution plan according to Swiss legislation, but it qualifies as a defined benefit plan under IAS 19 due to the constructive obligation of the employer to guarantee a minimum rate of interest and a fixed conversion rate.

The plan is providing several categories of coverage and the employees' contributions are based on various percentages of their gross salaries. All employees are entitled to participate in the plan for retirement, disability or death. The Group's contributions exceed those of the employees. The risks of disability and death are entirely reinsured by an insurance company.

The Group's obligation in respect of its defined benefit plan is calculated by estimating the amount of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value of the obligation, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary in accordance with the projected unit credit method. The latest actuarial valuation was undertaken using data as at August 31, 2013 with a roll-forward of plan assets to December 31, 2013. Current pension entitlements are charged to income in the period in which they arise. Actuarial gains and losses are recorded in full under other comprehensive income in the reporting period in which they arise.

### **3.15 Cash & cash equivalents**

Cash and cash equivalents comprise cash on hand and at banks, deposits and other highly liquid investments with an original maturity of three months or less. These items are stated at historical cost, which does not differ significantly from realisable value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are shown net of any outstanding bank overdrafts.

## **Note 4—Business combinations**

### **4.1 Purchase Price Allocation (“PPA”)**

On December 23, 2011, France Telecom and Apax Partners signed an agreement under which 100% of Orange Switzerland was sold to investment funds advised by Apax Partners to complete their portfolio of investments in the Technology and Telecommunications sector. The transaction was approved by competent competition and regulatory authorities.

The acquisition of Orange Switzerland by Apax Partners (indirectly via Matterhorn Mobile Holdings S.A.) was effective on February 29, 2012 (“the Transaction Date”).

#### Note 4—Business combinations (Continued)

The following table summarizes the consideration paid for Orange Switzerland, the carrying value of the net assets acquired as at the transaction date and the fair value of the identifiable assets acquired and liabilities assumed by allocating the purchase price consideration for Orange Switzerland:

(in thousands of Swiss Francs)	Carrying value at February 29, 2012	Allocation of purchase price	Fair value at February 29, 2012
Other intangible assets			
<i>o/w Customer contracts</i>	—	776,000	776,000
<i>o/w Reseller Agreements</i>	—	8,000	8,000
<i>o/w MVNO Agreements</i>	—	19,000	19,000
<i>o/w Licences</i>	23,600	(16,957)	6,643
Other non-current assets	956,000	—	956,000
<b>Total non-current assets</b>	<b>979,600</b>	<b>786,043</b>	<b>1,765,643</b>
<b>Total current assets</b>	<b>394,965</b>	<b>—</b>	<b>394,965</b>
<b>Total non-current liabilities (1)</b>	<b>645,083</b>	<b>180,532</b>	<b>825,615</b>
<b>Total current liabilities</b>	<b>510,349</b>	<b>—</b>	<b>510,349</b>
<b>Asset classified as held for sale</b>	<b>18,057</b>	<b>9,023</b>	<b>27,080</b>
Net assets acquired	<b>237,190</b>	<b>614,535</b>	<b>851,725</b>
<i>o/w attributable to owners of the Parent</i>	237,190	614,535	851,725
<b>Initial purchase price</b>			<b>1,320,329</b>
Purchase price adjustment (2)			(3,043)
<b>Final purchase price</b>			<b>1,317,286</b>
<b>Goodwill arising on acquisition</b>			<b>465,561</b>

(1) Total non-current liabilities include deferred tax liabilities recognised on PPA.

(2) Following the Completion period requirements, the purchase price has been adjusted by CHF 3.0 million.

Customer contracts, Reseller and MVNO agreements are the key intangible assets and were measured using the future cash flows generated by existing subscribers at the transaction date. They are respectively amortised given the contract duration and the probability of renewal of those contracts:

—Customer contracts: 4 to 10 years

—Reseller agreements: 5 years

—MVNO agreements: 4 years

The fair value of existing licences has been adjusted by CHF 17.0 million down to CHF 6.6 million to reflect the price paid for new licences during the auction process which takes place in February 2012. The remaining useful life of these licences was approximately 5 years as at the transaction date.

The fair value of software and property, plant and equipment was considered to be approximately the same as their historical net carrying value.

Pursuant to the Acquisition Agreement, a purchase price adjustment up to CHF 270.0 million is owed by the Company to France Telecom in the event of a combination with Sunrise Mobile Communications AG (hereafter, “Sunrise”) within five years of the Completion Date. In addition, if such a combination or certain other strategic cooperation transactions occur within the same period, as a result of which, APEM receives at least 2.5 times (on a cash basis) its original investment in the Group, the Senior Secured Notes Issuer (Matterhorn Mobile S.A.) will be obligated to pay an “earn out” to France Telecom in an amount equal to a percentage of APEM’s cash return on its investment in excess of the 2.5x threshold up to a cap.

## **Note 4—Business combinations (Continued)**

According to IFRS 3—Business combinations, in the framework of a purchase price allocation, this conditional liability should be considered as contingent consideration. However, there is no plan at the issuance date of the consolidated financial statements for any combination with Sunrise. Therefore, the Group cannot estimate a reliable future cash flow out in connection with a potential combination with Sunrise. Consequently, the Group did not evaluate any implication of this contingent consideration in the allocation of the purchase price.

The consolidation of Orange Switzerland in Matterhorn Mobile Holdings S.A. led to the recognition of CHF 465.6 million in goodwill. The Goodwill arising on the acquisition is not deductible for tax purposes.

This remaining Goodwill relates to:

- Any potential cost savings and margin improvements from network sharing agreements and other cost savings plans
- Value generated from sales to new subscribers
- Value generated from sales relating to new product offerings and bundle offers
- Value represented by the assembled workforce

### **4.2 Impairment tests**

IAS 36: Impairment of Assets seeks to ensure that an entity's assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value in use). With the exception of goodwill and certain intangible assets for which an annual impairment test is required, entities are required to conduct impairment tests where there is an indication of impairment of an asset, and the test may be conducted for a 'cash-generating unit' where an asset does not generate cash inflows that are largely independent of those from other assets.

#### **a. Other Intangible assets**

An annual reassessment of assets subject to PPA has been performed as required by IAS 36. It led to a full Impairment of Ortel's MVNO contract with Orange for an amount of CHF2.3m, following its termination resulting from the acquisition of Ortel by Sunrise.

#### **b. Goodwill**

Goodwill as of December 31, 2013 amounts to CHF 465.6m. As per IAS 36, goodwill should be tested for impairment annually.

### **1. CGU definition and goodwill allocation**

To test for impairment, goodwill must be allocated to each of the acquirer's cash-generating units ("CGU"), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated shall:

- represent the lowest level within the entity at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with IFRS 8 Operating Segments

## Note 4—Business combinations (Continued)

In order to remain consistent with Orange's operating segments, two CGUs have been identified as eligible for impairment testing. Based on Operating Revenues as a key indicator, goodwill has been allocated between these two CGUs as follows:

CHF million	Allocation key	Allocation rate	Allocated Goodwill
Consumer	Operating revenues	79.3%	369.2
Enterprise	Operating revenues	20.7%	96.4
Goodwill		100.0%	465.6

### 2. Key hypotheses and impairment testing

A cash-generating unit to which goodwill has been allocated shall be tested for impairment at least annually by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit:

—if the recoverable amount of the unit exceeds its carrying amount, the unit (including the goodwill allocated to it) are not impaired

—if the carrying amount of the unit exceeds its recoverable amount, an impairment loss must be recognized

At the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired (i.e. its carrying amount may be higher than its recoverable amount). If there is an indication that an asset may be impaired, then the asset's recoverable amount must be calculated.

The basis chosen to calculate both CGU's recoverable value is "value in use".

The following key hypotheses have been used in the economic model (Discounted Cash Flows "DCF" model) used for impairment testing:

—Perpetual growth:	1.0%
—Discount rate (WACC) after tax:	6.7%

These hypotheses have been calculated by taking into account the following economic criteria:

—Geographic area:	Switzerland and Liechtenstein
—Industry sector:	Telecommunications
—Market assessment:	Mature
—Investment requirements:	High
—Commercial position:	Major player (3 <sup>rd</sup> operator)
—Effective tax rate:	22.44 %

The DCF model uses a projection of the most reliable information available as of the testing date and for the next 5 years in order to measure free cash flows generated by operations.

—2014 is based on budget

—2015 and 2016 are based on the Company's business plans

—2017 and 2018 are an extrapolation of 2016 figures applying an annual growth rate of 1%

**Based on the above, no impairment charge has been recorded as of December 31, 2013.**

### 3. Sensitivity analysis

A sensitivity analysis has been performed on recoverable values, based on variations of the perpetual growth rate, the discount rate after tax and expected cash-flows. The outcome of the impairment test was not sensitive to reasonable changes in the period presented.

## Note 5—Sales

### 5.1 Revenue

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Network	1,109,211	961,604	180,160
Equipment	103,468	108,264	16,021
Other mobile services	72,899	42,551	6,165
Other revenue	5,847	5,637	1,214
<b>Revenue</b>	<b>1,291,426</b>	<b>1,118,056</b>	<b>203,560</b>

### 5.2 Trade receivables

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Gross trade receivables	298,403	322,233
Provision for doubtful debts	(3,434)	(4,093)
<b>Trade receivables</b>	<b>294,969</b>	<b>318,140</b>

Gross trade receivables are broken down as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Gross trade receivables past due	30,064	30,254
Gross trade receivables not past due	268,340	291,979
<b>Gross trade receivables</b>	<b>298,403</b>	<b>322,233</b>

The following table provides an ageing balance of gross trade receivables past due:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Past due—under 60 days	21,085	22,454
Past due—60 to 120 days	5,612	4,424
Past due—over 120 days	3,367	3,376
<b>Gross trade receivables past due</b>	<b>30,064</b>	<b>30,254</b>

The Group outsources part of its receivables collection. Residential customer receivables are transferred to an agency if overdue by 121 days or more. Enterprise and MVNO customers are treated on a case by case basis.

In 2013, the Group transferred certain trade receivables to Intrum Justicia and Infoscore for cash. These financial assets are derecognised in their entirety at the date of the transfer. However, the Group continues to have an involvement in the next 6 months following the transfer in very specific cases. In case of rejection of the receivables by Intrum Justicia AG or Infoscore, the Group has to repurchase the derecognised asset. In this case, the repurchase is accounted for a loss in the income statement. This repurchase has no material effect in the Group's accounts.

## Note 5—Sales (Continued)

Tables below provide an analysis of the changes in provision for trade receivables in the statement of financial position:

(in thousands of Swiss Francs)	December 31, 2012 Successor	Change in provision	December 31, 2013 Successor
Provision for doubtful debts	(4,093)	659	(3,434)

(in thousands of Swiss Francs)	February 29, 2012 Predecessor	Change in provision	December 31, 2012 Successor
Provision for doubtful debts	(4,500)	407	(4,093)

(in thousands of Swiss Francs)	December 31, 2011 Predecessor	Change in provision	February 29, 2012 Predecessor
Provision for doubtful debts	(3,843)	(657)	(4,500)

### 5.3 Deferred income

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Prepaid telephone cards	21,865	22,812
Other deferred income	7,196	6,405
<b>Deferred income</b>	<b>29,061</b>	<b>29,218</b>

## Note 6—Purchases

### 6.1 Access, backbone and interconnection

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Interconnection costs	(169,520)	(157,798)	(29,309)
Transmission leased lines	(19,485)	(15,516)	(3,966)
Fixed network costs	(5,320)	(6,553)	(1,432)
Content costs	(10,654)	(4,394)	(957)
<b>Access, backbone and interconnection</b>	<b>(204,979)</b>	<b>(184,261)</b>	<b>(35,664)</b>

### 6.2 Commercial expenses and cost of equipment sold

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Cost of equipment sold	(222,343)	(205,353)	(36,400)
Commercial expenses	(165,586)	(149,060)	(21,738)
<b>Commercial expenses and cost of equipment sold</b>	<b>(387,929)</b>	<b>(354,412)</b>	<b>(58,138)</b>



## Note 6—Purchases (Continued)

### 6.3 Network, IT, property expenses and other purchases

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Network and IT expenses	(54,222)	(40,826)	(9,025)
Property expenses	(64,886)	(53,080)	(10,359)
Subcontracting and professional services	(34,380)	(32,933)	(6,748)
Other purchases	(20,028)	(19,962)	(4,878)
<b>Network, IT, property expenses and other purchases</b>	<b>(173,516)</b>	<b>(146,800)</b>	<b>(31,010)</b>

### 6.4 Transaction and transition costs

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Transaction costs	(28)	(38,734)	—
Transition costs	(7,028)	—	—
<b>Transaction and transition costs</b>	<b>(7,056)</b>	<b>(38,734)</b>	<b>—</b>

In 2012, transaction costs related to the acquisition of Orange Switzerland by the Group.

In 2013, transaction costs were immaterial. Transition costs are expenses related to all structural business changes occurring in order to implement a new strategic plan. Those transition costs mainly include IT transformation deployment costs, including penalties or commitments for decommissioned software which will no longer be used after transformation.

### 6.5 Inventories

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Handsets	20,048	15,795
Other products/services sold	2,176	2,638
<b>Gross value</b>	<b>22,224</b>	<b>18,432</b>
Provisions	(1,058)	(202)
<b>Inventories</b>	<b>21,166</b>	<b>18,230</b>

## Note 7—Fixed assets & Gains on disposal of assets

### 7.1 Intangible assets

Intangible assets were as follows as at December 31, 2013:

(in thousands of Swiss Francs)	December 31, 2013 Successor			
	Cost	Accumulated depreciation and amortization	Impairment	Net
Telecommunication licenses	199,068	(45,222)	—	153,846
Softwares	818,057	(715,240)	(49,795)	53,022
Customer contracts	776,000	(152,075)	—	623,925
Reseller Agreements	8,000	(2,933)	—	5,067
MVNO agreements	19,000	(8,708)	(2,316)	7,976
Other intangibles assets	46,217	(27,265)	(10,650)	8,302
<b>Intangible assets</b>	<b>1,866,342</b>	<b>(951,443)</b>	<b>(62,760)</b>	<b>852,138</b>

The following Intangible assets result from the Purchase Price Allocation described in note 3:

—Customer contracts

—Reseller agreements

—MVNO agreements

Intangible assets were as follows as at December 31, 2012:

(in thousands of Swiss Francs)	December 31, 2012 Successor			
	Cost	Accumulated depreciation and amortization	Impairment	Net
Telecommunication licenses	198,695	(39,344)	—	159,351
Softwares	795,154	(691,658)	(4,102)	99,394
Customer contracts	776,000	(69,125)	—	706,875
Reseller Agreements	8,000	(1,333)	—	6,667
MVNO agreements	19,000	(3,958)	—	15,042
Other intangibles assets	63,588	(41,682)	—	21,906
<b>Intangible assets</b>	<b>1,860,437</b>	<b>(847,102)</b>	<b>(4,102)</b>	<b>1,009,233</b>

Intangible assets under construction amounted to CHF 20.9 million as at December 31, 2013 (CHF 11.7 million as at December 31, 2012).

## Note 7—Fixed assets & Gains on disposal of assets (Continued)

Movements in the Net Book Value of Intangible assets were as follows:

### Successor

(in thousands of Swiss Francs)	Telecomm- unication licenses	Softwares	Customer contracts	Reseller Agreements	MVNO agreements	Other Intangibles assets	TOTAL
Opening balance as at January 01, 2013	159,351	99,394	706,875	6,667	15,042	21,906	1,009,233
Acquisitions	373	44,546	—	—	—	2,590	47,509
Depreciation, amortization and Impairment	(5,878)	(87,319)	(82,950)	(1,600)	(7,066)	(16,642)	(201,454)
Other movements	—	(3,597)	—	—	—	447	(3,150)
<b>Closing balance as at December 31, 2013</b>	<b>153,846</b>	<b>53,023</b>	<b>623,925</b>	<b>5,067</b>	<b>7,976</b>	<b>8,302</b>	<b>852,138</b>

(in thousands of Swiss Francs)	Telecomm- unication licenses	Softwares	Customer contracts	Reseller Agreements	MVNO agreements	Other Intangibles assets	TOTAL
Opening balance as at February 29, 2012	23,521	118,333	—	—	—	19,760	161,614
Acquisitions	154,702	26,309	—	—	—	6,077	187,089
Depreciation, amortization and Impairment	(18,872)	(40,792)	(69,125)	(1,333)	(3,958)	(11,451)	(145,532)
Additions relating to the business combination	—	—	776,000	8,000	19,000	—	803,000
Other movements	—	(4,457)	—	—	—	7,520	3,063
<b>Closing balance as at December 31, 2012</b>	<b>159,351</b>	<b>99,394</b>	<b>706,875</b>	<b>6,667</b>	<b>15,042</b>	<b>21,906</b>	<b>1,009,233</b>

### Predecessor

(in thousands of Swiss Francs)	Telecomm- unication licenses	Softwares	Customer contracts	Reseller Agreements	MVNO agreements	Other Intangibles assets	TOTAL
Opening balance as at January 01, 2012	24,318	123,828	—	—	—	19,770	167,917
Acquisitions	—	2,830	—	—	—	543	3,373
Depreciation, amortization and Impairment	(797)	(8,324)	—	—	—	(1,464)	(10,586)
Additions relating to the business combination	—	—	—	—	—	—	—
Other movements	—	—	—	—	—	910	910
<b>Closing balance as at February 29, 2012</b>	<b>23,521</b>	<b>118,333</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>19,760</b>	<b>161,614</b>

On February 23, 2012, ComCom (“Commission fédérale de la communication”) and OFCOM (“Office fédéral de la communication”) announced the results of the auction of mobile radio frequencies. The auction, which ran from February 6 to February 22, 2012, related to the renewal of current licenses for the 900, 1800 and 2100 MHz

## Note 7—Fixed assets & Gains on disposal of assets (Continued)

bands, as well as to the new 800 and 2600 MHz LTE bands. Under the auction process, the new frequency allocation between the three mobile operators Orange, Sunrise and Swisscom, was determined by the bidders rather than a public authority. Orange obtained 160 MHz spread between the seven bands available for a purchase price of CHF 154.7 million. The new licenses granted in the auction will start from 2013 to 2017 and last until the end of 2028.

The impairment losses recognised in 2013 amounted to CHF 58.7 million (CHF 1.8 million at December 31, 2012) and mainly result from the Group's IT transformation project.

### Capitalised expenditure

The expenses capitalised during the period were as follows:

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
External purchases	—	—	—
Labour expenses	7,103	6,885	1,487
<b>Capitalised expenditure</b>	<b>7,103</b>	<b>6,885</b>	<b>1,487</b>

## 7.2 Property, Plant and Equipment

Tangible assets were as follows as at December 31, 2013:

(in thousands of Swiss Francs)	December 31, 2013 Successor			
	Cost	Accumulated depreciation and amortization	Impairment	Net
Land and buildings	128,850	(74,747)	(8,246)	45,857
Network	2,085,851	(1,451,504)	(30,417)	603,930
IT equipment	221,212	(201,177)	(6,360)	13,675
Other property, plant and equipment	27,760	(23,594)	(1,525)	2,641
<b>Property, Plant and Equipment</b>	<b>2,463,673</b>	<b>(1,751,022)</b>	<b>(46,549)</b>	<b>666,102</b>

Tangible assets were as follows as at December 31, 2012:

(in thousands of Swiss Francs)	December 31, 2012 Successor			
	Cost	Accumulated depreciation and amortization	Impairment	Net
Land and buildings	126,479	(76,639)	(3,292)	46,548
Network	2,104,937	(1,476,378)	(21,246)	607,313
IT equipment	225,651	(205,814)	—	19,837
Other property, plant and equipment	30,666	(23,995)	(1,521)	5,150
<b>Property, Plant and Equipment</b>	<b>2,487,734</b>	<b>(1,782,826)</b>	<b>(26,060)</b>	<b>678,848</b>

Tangible assets under construction amounted to CHF 86.0 million as at December 31, 2013 (CHF 51.6 million as at December 31, 2012).

Property, Plant & Equipment held under finance leases had a net book value of nil as at December 31, 2013 (nil as at December 31, 2012).

## Note 7—Fixed assets & Gains on disposal of assets (Continued)

Movements in the Net Book Value of Tangibles assets were as follows:

### Successor

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at January 01, 2013	46,548	607,313	19,837	5,150	678,848
Acquisitions	8,315	107,584	7,321	22	123,241
Depreciation, amortization and Impairment	(8,935)	(102,893)	(13,482)	(2,547)	(127,858)
Other movements	(72)	(8,074)	—	16	(8,130)
<b>Closing balance as at December 31, 2013</b>	<b>45,857</b>	<b>603,930</b>	<b>13,675</b>	<b>2,641</b>	<b>666,102</b>

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at February 29, 2012	46,127	612,732	23,825	6,769	689,453
Acquisitions	6,350	83,041	3,585	556	93,533
Depreciation, amortization and Impairment	(5,292)	(79,801)	(7,451)	(751)	(93,295)
Other movements	(637)	(8,659)	(122)	(1,424)	(10,842)
<b>Closing balance as at December 31, 2012</b>	<b>46,548</b>	<b>607,313</b>	<b>19,837</b>	<b>5,150</b>	<b>678,848</b>

### Predecessor

(in thousands of Swiss Francs)	Land and buildings	Network	IT Equipment	Other property, plant and equipment	TOTAL
Opening balance as at January 01, 2012	47,199	615,625	25,237	7,648	695,709
Acquisitions	—	13,794	163	28	13,985
Depreciation, amortization and Impairment	(1,072)	(15,620)	(1,554)	(871)	(19,116)
Other movements	—	(1,068)	(22)	(35)	(1,125)
<b>Closing balance as at February 29, 2012</b>	<b>46,127</b>	<b>612,732</b>	<b>23,825</b>	<b>6,769</b>	<b>689,453</b>

Impairment losses recognised in 2013 amounted to CHF 20.5 million as of December 31, 2013 (CHF 18.2 million in 2012).

### Capitalised expenditure

The expenses capitalised during the period were as follows:

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
External purchases	1,972	801	—
Labour expenses	2,287	4,359	926
<b>Capitalised expenditure</b>	<b>4,259</b>	<b>5,160</b>	<b>926</b>

## Note 7—Fixed assets & Gains on disposal of assets (Continued)

### 7.3 Fixed assets payables

Fixed assets payables mainly consist of:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Spectrum licence payables	61,881	61,881
Other fixed assets payables	70,166	59,624
<b>Fixed assets payables</b>	<b>132,047</b>	<b>121,505</b>

On July 4, 2012, Orange opted to pay for its spectrum allocations in instalments of:

- 60% (equivalent to CHF 92.8 million) by August 6, 2012;
- 20% by June 30, 2015;
- and the remaining 20% by December 31, 2016.

The spectrum license payables bear interest at a rate of 3% starting from August 6, 2012. Accrued interests amounted to CHF 2.6 million as of December 31, 2013 (CHF 0.8 million as of December 31, 2012).

### 7.4 Purchases of Property, Plant, Equipment and Intangible assets

For cash flow statement purposes, purchases of Property, Plant, Equipment and Intangible assets were as follows:

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Investment in property, plant and equipment and intangible assets	(170,751)	(280,622)	(17,358)
Increase / (decrease) in amounts due to fixed assets suppliers	10,542	129	(13,730)
Increase / (decrease) in spectrum licence payables	—	61,881	—
<b>Purchases of property, plant and equipment and intangible assets</b>	<b>(160,209)</b>	<b>(218,612)</b>	<b>(31,088)</b>

## Note 8—Income Tax

### 8.1 Corporate income Tax profit / (loss)

Orange Communications S.A. and Orange Network S.A. are liable for taxes in all Swiss cantons based on an inter-cantonal allocation at various rates. With this regard and considering the tax holidays granted by the cantons (full or partial), the current average tax rate is our estimated rate of 22.44% (22.95% in 2012) based on the statutory tax rates applicable in Switzerland, which can potentially vary in the upcoming years.

The Group is liable for capital and income taxes. Matterhorn Mobile S.A. and Matterhorn Mobile Holdings S.A., which are registered in Luxembourg, are subject to an income tax at a rate of 29.22% (28.80% in 2012).

In Luxembourg, companies may carry over losses until they are used up for an unlimited number of years to offset taxable profits. In Switzerland, tax losses are normally available to be set off against future taxable income for a period of seven years. Orange Communications S.A. benefited from tax holidays (full or partial) for the initial 10 fiscal periods following the incorporation for the cantons where the Company is subject to the main element of taxation. It is, however, subject to taxes at the federal level, as well as from various other cantons. Orange Network SA and Orange (Liechtenstein) AG do not benefit from tax holidays.



## Note 8—Income Tax (Continued)

The income tax is broken down as follows:

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
<b>Total tax expense relating to continuing operations</b>	<b>17,850</b>	<b>(13,512)</b>	<b>(5,828)</b>
—Current tax expense in respect of the current year	(241)	(638)	(67)
—Deferred tax income / (expense)	18,091	(12,874)	(5,761)

2012 figures are restated as a result of changes in accounting standards (see note 2)

## 8.2 Group Tax proof

The reconciliation between effective income tax expense and the theoretical tax calculated based on the Swiss statutory tax rate is as follows:

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
<b>Net result before tax</b>	<b>(76,163)</b>	<b>(93,965)</b>	<b>20,709</b>
Income tax rate	29.22%	28.80%	25.47%
<b>Theoretical income tax expense</b>	<b>22,255</b>	<b>27,062</b>	<b>(5,275)</b>
<u>Reconciliation items:</u>			
Effect on deferred tax balances due to the change in income tax rate	1,682	(10,988)	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,688	(2,210)	(31)
Reassessment of previous years deferred tax asset	(5,324)	804	—
Deferred tax assets not recognized on temporary differences and tax loss carry forwards arising in the period	(1,839)	(28,791)	—
Impairment of deferred tax assets	(1,076)	—	—
Effect of IAS19 Revised	—	(765)	—
Other	463	1,375	(523)
<b>Income tax expense recognised in profit or loss</b>	<b>17,850</b>	<b>(13,512)</b>	<b>(5,828)</b>

2012 figures are restated as a result of changes in accounting standards (see note 2)

## Note 8—Income Tax (Continued)

### 8.3 Statement of financial position—tax position

The tax position by class of temporary difference is as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Pension provision	6,057	11,929
Intangible assets	(141,060)	(166,841)
Property, plant and equipment	—	—
Tax loss carryforwards	90,831	96,180
Hedge accounting	(16,010)	(10,725)
Other	130	130
<b>Net deferred taxes—Group</b>	<b>(60,052)</b>	<b>(69,328)</b>
—Deferred tax assets	21,080	32,436
—Deferred tax liabilities	(81,132)	(101,764)

In 2007 and 2008, the licences and the radio access network were sold by Orange Communications SA to Orange Network SA at fair value, resulting in a capital gain which has been eliminated on consolidation. This created a temporary tax difference which will be consumed over the remaining useful life of the underlying assets (between 5 and 20 years depending on the nature of each asset).

### 8.4 Change in Group net deferred taxes

(in thousands of Swiss Francs)	January 1, 2013 Successor	Recognized as a profit or loss	Recognized in other comprehensive income	December 31, 2013 Successor
Pension	11,929	1,478	(7,350)	6,057
Intangible assets	(166,841)	25,782	—	(141,060)
Property, plant and equipment	—	—	—	—
Tax losses carryforwards	96,180	(5,349)	—	90,831
Hedge accounting	(10,725)	(3,819)	(1,466)	(16,010)
Other	130	—	—	130
<b>Temporary differences</b>	<b>(69,328)</b>	<b>18,091</b>	<b>(8,816)</b>	<b>(60,052)</b>

(in thousands of Swiss Francs)	January 1, 2012 Predecessor	Recognized as a profit or loss	February 29, 2012 Predecessor	March 1, 2012 Successor	Recognized as a profit or loss	Recognized in other comprehensive income	December 31, 2012 Successor
Pension	13,850	—	13,850	13,850	(754)	(1,167)	11,929
Intangible assets	9,027	(2,040)	6,987	(173,546)	6,704	—	(166,841)
Property, plant and equipment	13,351	(2,865)	10,486	10,486	(10,486)	—	—
Tax losses carryforwards	91,115	—	91,115	91,115	5,065	—	96,180
Hedge accounting	—	—	—	—	(13,535)	2,810	(10,725)
Other	856	(856)	—	—	130	—	130
<b>Temporary differences</b>	<b>128,199</b>	<b>(5,761)</b>	<b>122,439</b>	<b>(58,095)</b>	<b>(12,876)</b>	<b>1,643</b>	<b>(69,328)</b>

## Note 8—Income Tax (Continued)

Deferred tax assets not recognised as at the reporting date are as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
—unused tax losses	13,574	28,234
—temporary differences	63,044	86,380
<b>Unrecognized deferred tax assets</b>	<b>76,618</b>	<b>114,614</b>

### 8.5 Income tax recognised directly in other comprehensive income

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Temporary differences on pension obligation	(7,350)	(1,167)	—
Fair value remeasurement of hedging instruments	(1,466)	2,810	—
<b>Income tax recognised directly in OCI</b>	<b>(8,816)</b>	<b>1,643</b>	<b>—</b>

## Note 9—Provisions

(in thousands of Swiss Francs)	January 1, 2013 Successor	Additions	Used	Unused	Discounting	December 31, 2013 Successor
Restructuring provisions	5,007	15,288	(16,130)	—	—	4,165
Provisions for dismantling and restoring sites	91,998	728	(730)	(12,006)	1,565	81,555
Other provisions	697	2,892	—	(289)	—	3,301
<b>Provisions</b>	<b>97,702</b>	<b>18,909</b>	<b>(16,860)</b>	<b>(12,295)</b>	<b>1,565</b>	<b>89,022</b>
<i>o/w non-current provisions</i>	91,593	324	(326)	(12,006)	1,565	81,150
<i>o/w current provisions</i>	6,109	18,586	(16,535)	(289)	—	7,871

(in thousands of Swiss Francs)	March 1, 2012 Successor	Additions	Used	Unused	Discounting	December 31, 2012 Successor
Restructuring provisions	2,872	8,089	(4,569)	(1,385)	—	5,007
Provisions for dismantling and restoring sites	81,746	9,247	(545)	(484)	2,031	91,998
Other provisions	514	183	—	—	—	697
<b>Provisions</b>	<b>85,132</b>	<b>17,519</b>	<b>(5,114)</b>	<b>(1,868)</b>	<b>2,031</b>	<b>97,702</b>
<i>o/w non-current provisions</i>	81,746	8,842	(545)	(484)	2,031	91,593
<i>o/w current provisions</i>	3,386	8,677	(4,569)	(1,385)	—	6,109

(in thousands of Swiss Francs)	January 1, 2012 Predecessor	Additions	Used	Unused	Discounting	February 29, 2012 Predecessor
Restructuring provisions	2,110	1,130	(317)	(51)	—	2,872
Provisions for dismantling and restoring sites	81,746	—	—	—	—	81,746
Other provisions	—	514	—	—	—	514
<b>Provisions</b>	<b>83,856</b>	<b>1,644</b>	<b>(317)</b>	<b>(51)</b>	<b>—</b>	<b>85,132</b>
<i>o/w non-current provisions</i>	81,746	—	—	—	—	81,746
<i>o/w current provisions</i>	2,110	1,644	(317)	(51)	—	3,386

## Note 9—Provisions (Continued)

The approach and underlying assumptions used for calculating the provisions for dismantling and restoring sites are described in Note 2.

Restructuring costs were as follows:

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Restructuring costs	(15,894)	(6,556)	(1,079)
<b>Restructuring costs</b>	<b>(15,894)</b>	<b>(6,556)</b>	<b>(1,079)</b>

## Note 10—Employee benefits

### 10.1 Labour expenses

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Wages, social contributions & individual incentive / bonus plans	(118,407)	(112,407)	(23,133)
Capitalised Labour	9,390	11,244	2,413
Post-employment benefits	(4,109)	(12,575)	(2,435)
<b>Labour expenses</b>	<b>(113,127)</b>	<b>(113,738)</b>	<b>(23,155)</b>

2012 figures are restated as a result of changes in accounting standards (see note 2)

The wages, social contributions & individual incentive / bonus plans include the wages, bonus and related social charges. Capitalised labour reflect the time spent by Orange Communications S.A. employees on tangible and intangible assets. Post-employment benefits include the actual expenses and the related actuarial impacts.

### 10.2 Employee benefits

The Group's employees are insured for the risks of old age, death and disability.

Under this plan the retirement benefit is determined by the amount in the employee retirement savings account at the time of retirement. If an employee retires at the normal retirement age (64), the saving account is converted into a retirement pension at a rate of 6.49%. If the employee retires before the age of 58, his saving account is converted into a retirement pension at a lower rate.

Actuarial valuations of the plan assets and of the defined benefit obligation were carried out at December 31, 2013 and 2012 by an external actuarial expert. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2013	2012
Discount rate for obligations	2.50%	1.85%
Rate of future salary increases	1.50%	1.50%
Rate of Pension Increases	0.00%	0.00%
Mortality and disability—Swiss official tables	BVG 2012 GT	BVG 2012 GT

The evaluation is done on a yearly basis. Consequently, the split between successor and predecessor figures is not disclosed below, as there would be no impact, except for the contributions.

## Note 10—Employee benefits (Continued)

The amount recognised in the statement of financial position in respect of the Group's defined benefit retirement plan is as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Present value of funded obligations	(150,928)	(182,658)
Fair value of plan assets	123,942	130,672
Present value of net obligations	(26,986)	(51,986)
<b>Recognised asset (liability) for defined benefit obligations</b>	<b>(26,986)</b>	<b>(51,986)</b>

The amount recognised in the income statement in respect of the defined benefit plan is as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Service cost	4,079	14,977
Net interest expenses	636	1,150
<b>Net periodic pension cost</b>	<b>4,715</b>	<b>16,127</b>

2012 figures are restated as a result of changes in accounting standards (see note 2)

Service costs were determined as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Current service cost	12,418	14,977
Past Service costs—Plan amendments	(1,778)	—
Past Service costs—curtailments	—	—
Settlement (gains) / loss (1)	(6,561)	—
<b>Service cost</b>	<b>4,079</b>	<b>14,977</b>

2012 figures are restated as a result of changes in accounting standards (see note 2)

(1) The term "settlement" refers to non-routine settlements. Routine lump sum payments are included in benefit payments and gains or losses on those routine payments are included in experience gains and losses.

Change in the present value of the defined benefit obligation is as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Defined Benefit Obligation (DBO) at the beginning of period	182,658	183,292
Current Service cost	12,418	14,977
Interest cost	2,802	4,472
Employee contributions	4,444	4,958
Liability (Gains)/Losses due to Assumption Changes	(20,238)	(3,241)
Past service cost—plan amendments	(1,778)	—
Benefits paid	(7,795)	(21,800)
Settlements	(21,583)	—
<b>Defined Benefit Obligation (DBO) at the end of the Period</b>	<b>150,928</b>	<b>182,658</b>

2012 figures are restated as a result of changes in accounting standards (see note 2)

## Note 10—Employee benefits (Continued)

The plan assets consist of the following categories of assets:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Equity Securities	36%	34%
Bonds Securities	39%	39%
Real Estate / Property	15%	14%
Other	10%	13%
	<b>100%</b>	<b>100%</b>

The strategic asset allocation is diversified within the requirements of providing long-term returns with an acceptable level of risk. The plan assets are primarily invested in listed strategies which insure good liquidity.

Change in the fair value of plan assets is as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Fair value of plan assets at the beginning of period	130,672	129,079
Actual return on plan assets	6,939	7,142
Employer contributions	4,704	11,293
Employee contributions	4,444	4,958
Benefits paid	(7,795)	(21,800)
Settlements	(15,022)	—
<b>Fair value of plan assets at the end of the period</b>	<b>123,942</b>	<b>130,672</b>

The movement in the net liability during the year is as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
Accrued pension cost at the beginning of period	(51,986)	(54,213)
Net periodic pension cost	(4,715)	(16,127)
Employer contributions	4,704	11,293
Total Amount Recognised in OCI	25,011	7,061
<b>Prepaid (accrued) pension cost at the end of the period</b>	<b>(26,986)</b>	<b>(51,986)</b>

The expected employer contribution for 2014 amounts to CHF 7.0 million.

The variations resulting from changes in actuarial assumptions have been summarized in the following sensitivity analysis:

(in thousands of Swiss francs)	Current assumption	Sensitivity change	DBO change	NC change
Discount rate	2.5%	0.5% increase	(12,680)	(1,252)
		0.5% decrease	14,721	1,464
Salary increase	1.5%	0.5% increase	2,332	253
		0.5% decrease	(1,679)	(183)
Cost-of-living adjustment	0.0%	0.5% increase	6,844	569
		0.0% decrease	0	0
Interest credit on total account balance	2.5%	0.5% increase	4,943	660
		0.5% decrease	(4,511)	(614)
Mortality	Life table BVG 2010	lifetime of participants at age 65	1,877	105
		lifetime of participants at age 65	(1,909)	(103)



## Note 10—Employee benefits (Continued)

For any change in actuarial assumption, sensitivity analysis assesses the impact on both defined benefit obligation and current service cost. In each situation only one assumption is modified while other parameters remain unchanged.

## Note 11—Financial assets / liabilities and financial results

### 11.1 Financial assets / liabilities

#### Assets

(in thousands of Swiss Francs)	December 31, 2013 Successor			December 31, 2012 Successor		
	Current	Non-current	Total	Current	Non-current	Total
Derivatives	7,667	15,361	23,028	6,917	7,526	14,443
<b>Derivatives</b>	<b>7,667</b>	<b>15,361</b>	<b>23,028</b>	<b>6,917</b>	<b>7,526</b>	<b>14,443</b>

#### Liabilities

(in thousands of Swiss Francs)	December 31, 2013 Successor			December 31, 2012 Successor		
	Current	Non-current	Total	Current	Non-current	Total
<b>Borrowings and other financial liabilities</b>	<b>23,718</b>	<b>1,221,666</b>	<b>1,245,384</b>	<b>24,884</b>	<b>1,265,490</b>	<b>1,290,373</b>
Bonds	—	1,221,666	1,221,666	—	1,265,490	1,265,490
Accrued interest on bonds	23,637	—	23,637	24,802	—	24,802
Other	81	—	81	82	—	82
<b>Derivatives</b>	<b>6,099</b>	<b>2,732</b>	<b>8,831</b>	<b>6,357</b>	<b>10,121</b>	<b>16,478</b>
Derivatives	6,099	2,732	8,831	6,357	10,121	16,478
<b>Borrowings, derivatives and other financial liabilities</b>	<b>29,817</b>	<b>1,224,398</b>	<b>1,254,215</b>	<b>31,240</b>	<b>1,275,611</b>	<b>1,306,851</b>

In February 2012, the Group issued the following bonds:

- CHF 450 million of 6.75% senior secured notes due 2019, EUR 150 million floating rate senior secured notes due 2019 and EUR 180 million floating rate senior secured notes due 2019 by Matterhorn Mobile S.A.
- EUR 225 million of 8.25% senior notes due 2020 by Matterhorn Mobile Holdings S.A.

In September 2012, the Group issued the following bond:

- CHF 180 million floating rate senior secured notes due 2019 by Matterhorn Mobile S.A.

The bonds are measured at amortised cost, using the effective interest rate method.

For the period ending December 31, 2012:

- The CHF 102 million drawn under a CHF 225 million Term loan A facility initially granted to the Company by a pool of lenders was repaid on September 11, 2012. Following this repayment, the Term loan A facility was cancelled.
- As of September 11, 2012, the CHF 100 million senior multi-currency revolving credit facility dated January 30, 2012 which had been granted to the Company by a pool of lenders was replaced by a new CHF 100 million super senior revolving credit facility. The former revolving credit facility line was used as a bank guarantee for the spectrum auction until July 25, 2012.

## Note 11—Financial assets / liabilities and financial results (Continued)

Furthermore, for the period ending December 31, 2013:

- On July 30, 2013, Matterhorn Mobile S.A. proceeded to a redemption of CHF 60.0 million in aggregate principal amount of its CHF-denominated Floating Rate Senior Secured Notes due 2019 (pursuant to the Indenture dated as of September 11, 2012) at a price in cash equal to 102% of the aggregate principal amount of the Notes, plus accrued and unpaid interest up to, but not including, the redemption rate (amounting to CHF1.2 million).

Bonds issued by Matterhorn Mobile Holdings S.A and Matterhorn Mobile S.A. as at December 31, 2013

December 31, 2013 Successor									
Original currency	Bond	Date of issuance	Initial nominal amounts (in millions of currency units)	Early Repayment (in millions of currency units)	Current nominal amounts (in millions of CHF)	Maturity	Nominal interest rate (%)	Hedging	Outstanding interest amount (in thousands of CHF)
CHF	Senior Secured Notes	February 10, 2012	450	—	450	2019	6.75%	—	11,391
EUR	Senior Secured Notes	February 10, 2012	150	—	184	2019	EUR3M + 5.25%	EUR 100 million at 5.99% EUR 50 million at CHF3M + 5.70%	1,287
EUR	Senior Notes	February 10, 2012	225	—	276	2020	8.25%	EUR 165 million at 7.43% EUR 60 million at CHF3M + 7.33%	8,587
EUR	Senior Secured Notes	February 16, 2012	180	—	221	2019	EUR3M + 5.25%	EUR 100 million at 5.92% EUR 80 million at CHF3M + 5.59%	1,544
CHF	Senior Secured Notes	September 11, 2012	180	(60)	120	2019	CHF3M + 5.375%	—	828
<b>Total</b>									<b>23,637</b>

Bonds issued by Matterhorn Mobile Holdings S.A and Matterhorn Mobile S.A. as at December 31, 2012

December 31, 2012 Successor									
Original currency	Bond	Date of issuance	Initial nominal amounts (in millions of currency units)	Current nominal amounts (in thousands of CHF)	Maturity	Nominal interest rate (%)	Hedging		Outstanding interest amount (in thousands of CHF)
CHF	Senior Secured Notes	February 10, 2012	450	450	2019	6.75%	—	EUR 100 million at 5.99%	11,391
EUR	Senior Secured Notes	February 10, 2012	150	181	2019	EUR3M + 5.25%	EUR 50 million at CHF3M + 5.70%	EUR 165 million at 7.43%	1,425
EUR	Senior Notes	February 10, 2012	225	272	2020	8.25%	EUR 60 million at CHF3M + 7.33%	EUR 100 million at 5.92%	8,982
EUR	Senior Secured Notes	February 16, 2012	180	217	2019	EUR3M + 5.25%	EUR 80 million at CHF3M + 5.59%	—	1,761
CHF	Senior Secured Notes	September 11, 2012	180	180	2019	CHF3M + 5.375%	—	—	1,243
<b>Total</b>									<b>24,802</b>

The bonds are recognised in the consolidated statement of financial position as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
<b>Gross proceeds from bond issuance</b>	<b>1,301,913</b>	<b>1,301,913</b>
Debt issuance costs	(36,547)	(36,547)
<b>Net proceed of bond issuance</b>	<b>1,265,366</b>	<b>1,265,366</b>
Bonds—Repayment	(60,000)	—
Unrealised exchange gain / (loss)	8,877	(2,056)
Amortization of debt issuance costs	7,423	2,180
<b>Bonds</b>	<b>1,221,666</b>	<b>1,265,490</b>

## Note 11—Financial assets / liabilities and financial results (Continued)

### Credit Lines

The Group had the following access to credit facilities in the form of a Super Revolving Credit Facility as at December 31, 2013:

(in thousands of Swiss Francs)	December 31, 2013 Successor		December 31, 2012 Successor	
	Amount available	Amounts drawn down	Amount available	Amounts drawn down
Super Revolving Credit Facility	100,000	—	100,000	—
Bank overdraft	—	—	—	—
<b>Credit lines</b>	<b>100,000</b>	<b>—</b>	<b>100,000</b>	<b>—</b>

### 11.2 Derivative instruments

For the periods ended December 31, 2013 and December 31, 2012, the Group's designated hedges were limited to cash flow hedges as the Group did not have any hedges designated as fair value or net investment hedges.

#### Cash-flow hedges

The Group's cash flow hedges during the period consisted of cross-currency swaps, that the Group uses to protect against variability in future interest cash flows on liabilities which bear interest at variable or fixed rates and/or foreign currency risk on EUR-denominated bonds.

The cash flows are expected to occur simultaneously with the payment of interests on bonds. Interest is paid quarterly or semi-yearly, depending on each bond.

As of December 31, 2013, the Group had the following outstanding cross-currency swaps designated as cash-flow hedges of foreign currency rates and, in some cases, interest rates:

(in thousands of Swiss Francs)	December 31, 2013 Successor		December 31, 2012 Successor	
	Notional	Fair Value & Net interests receivables / (payables)	Notional	Fair Value & Net interests receivables / (payables)
External cross-currency swaps and Mark-to-market derivatives	680,791	14,196	669,857	(2,035)

Bonds (excl. impact of debt issuance costs)	December 31, 2013 Successor		December 31, 2012 Successor	
	Net interests receivables / (payables)	Fair Value	Net interests receivables / (payables)	Fair Value
External cross-currency swaps	5,984	9,611	5,754	(8,764)
Mark-to-market derivatives	(160)	(1,240)	(130)	1,105

The mark-to-market derivatives (sub-set of cash flow hedges) consist of cross-currency swaps used to hedge the exposure of the Shareholder, Matterhorn Midco & Cy SCA and its parent, Matterhorn Financing & Cy SCA. The Shareholder and its parent, Matterhorn Financing & Cy SCA borrowed a fixed-rate Euro-denominated instrument. To eliminate the variability of this financing, they entered into a EUR-CHF cross-currency swap contract through their subsidiaries, Matterhorn Mobile Holdings SA and Matterhorn Mobile S.A.

Cash flow hedges are fully effective under IAS 39, both retrospectively since inception and prospectively as of December 31, 2013. Therefore the full change in their fair values (gains and losses) since inception initially have been recognised in other comprehensive income, and are reclassified to the income statement when the hedged cash flows affect earnings (i.e., concurrent with accrual and payments of interest under the hedged liabilities, and remeasurement under IAS 21 of the hedged liabilities).

## Note 11—Financial assets / liabilities and financial results (Continued)

During the year ended December 31, 2013, the net amount recognised in OCI (net change in OCI) related to hedging activities was a net decrease of CHF 5.2 million (net increase of CHF 9.8 million in 2012) in the net loss deferred in OCI. The details of these changes are described in the table below.

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Beginning OCI balance	(9,756)	—	—
Net loss deferred in OCI due to change in the fair value of the derivative (effective portion)	16,866	(8,516)	—
Reclassified out of OCI into Income Statement	(11,699)	(1,240)	—
<b>Ending OCI Balance</b>	<b>(4,589)</b>	<b>(9,756)</b>	<b>—</b>

### 11.3 Finance costs, net

Financial results were as follows:

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Commitment fees on revolving credit facility	(1,416)	(3,475)	—
Interests on bonds	(86,988)	(75,217)	—
Issuance costs—Term loan A	—	(15,970)	—
Bonds—Early Repayment	(1,200)	—	—
Amortization of debt issuance costs (excl. term loan A)	(5,243)	(2,180)	—
Interests on France Telecom loan	—	—	(2,589)
Capital tax (1)	(1,486)	(1,274)	—
Net interest on net defined benefit obligation	(636)	(1,335)	185
Interest and similar income	186	146	73
Foreign exchange gains / (losses) on financial assets & liabilities and derivatives	8,038	1,678	31
Others	(2,245)	432	—
<b>Finance costs, net</b>	<b>(90,990)</b>	<b>(97,193)</b>	<b>(2,300)</b>

2012 figures are restated as a result of changes in accounting standards (see note 2)

(1) In 2012, capital tax has been reclassified as a financial expense from 1st March 2012. Please refer to note 13.

### 11.4 Management of covenants

The Group has obtained credit facilities and borrowings subject to specific covenants with regards to financial ratios.

As at December 31, 2013 and 2012, the Company complied with those covenants.

## Note 12—Information on market risk and fair value of financial assets and liabilities

### 12.1 Financial risks

The Group is subject to various financial risks. These risks include capital risk, credit risk, liquidity risk and financial market risk (including interest rate risk and currency risk). These risks are monitored by Management of the Group.

## **Note 12—Information on market risk and fair value of financial assets and liabilities (Continued)**

### ***Capital risk management***

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings described in note 11, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings.

### ***Credit Risk management***

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

The Group considers that it has an extremely limited exposure to concentrations of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential, professional and large business customers). In addition, the maximum value of the credit risk on these financial assets is equal to their recognised net book value.

### ***Liquidity risk management***

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowings facilities, by continuously monitoring cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 11 above sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

### ***Interest Rate Risk***

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

### ***Sensitivity analysis of the Group's position to changes in interest rates***

The sensitivity of the Group's financial assets and liabilities to interest rate risk is analysed only for components of net financial debt. Only these components are interest-bearing and therefore exposed to interest rate risk.

#### ***Sensitivity of financial expenses***

Based on a constant amount of debt and a constant management policy, a 1% rise in interest rates would result in an increase of CHF 3.2 million in financial expense as at December 31, 2013 (CHF 3.4 million as at December 31, 2012).

### ***Foreign exchange rate risk management***

The Group operates mainly in the currency of its country (CHF). However, The Group is subject to foreign currency risk arising from borrowings and future commercial transactions which can be done in euros (Purchase of handsets or roaming for example). The Group uses derivative financial instruments to hedge certain exposures (for instance Bonds denominated in euros).

The Group's policy to mitigate foreign exchange risk by:

- Hedging all bonds denominated in Euros
- Having borrowings denominated in the functional currencies of the Group companies concerned

## Note 12—Information on market risk and fair value of financial assets and liabilities (Continued)

The exposure to currency risk is therefore limited.

The Group uses foreign currency inflows to pay for its foreign currency outflows. If necessary, the Group buys foreign currency shortly before the transaction.

### *Sensitivity of cash flow hedge reserves*

A 1% rise in spot rates would reduce the market value of derivatives designated as cash flow hedges and the associated cash flow hedge reserves by approximately CHF 8.1 million as at December 31, 2013 (CHF 8.4 million as at December 31, 2012). A 1% fall in spot rates would lead to an increase in their market value and in the cash flow hedge reserves of approximately CHF 8.1 million as at December 31, 2013 (CHF 8.4 million as at December 31, 2012).

The following table shows the amount of Bonds excluding impact of debt issuance costs:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
<b>Gross proceeds from bond issuance</b>	<b>1,301,913</b>	<b>1,301,913</b>
Bonds—Repayment	(60,000)	—
Unrealised exchange gain / (loss)	8,877	(2,056)
<b>Bonds (excl. impact of debt issuance costs)</b>	<b>1,250,790</b>	<b>1,299,857</b>

The following table shows the exposure (before hedging instruments) of the Group financial positions by currency:

(in thousands of Swiss Francs)	December 31, 2013 Successor Total	EUR	USD	GBP	CHF
<b>Financial assets (A)</b>	<b>510,178</b>	<b>21,471</b>	<b>6,933</b>	<b>546</b>	<b>481,228</b>
<i>Other non-current assets</i>	50,236	13,792	—	—	36,444
<i>Trade receivables</i>	294,969	6,437	1,696	—	286,836
<i>Cash and cash equivalents</i>	164,972	1,242	5,237	546	157,948
<b>Financial liabilities (B)</b>	<b>1,817,149</b>	<b>712,997</b>	<b>923</b>	<b>145</b>	<b>1,103,085</b>
<i>Non-current borrowings and other financial liabilities (1)</i>	1,250,790	680,790	—	—	570,000
<i>Trade payables</i>	410,596	13,050	885	128	396,533
<i>Fixed assets payables</i>	132,047	7,659	38	17	124,333
<i>Current borrowings and other financial liabilities</i>	23,718	11,499	—	—	12,219
<b>Net exposure (A)-(B)</b>	<b>(1,306,972)</b>	<b>(691,527)</b>	<b>6,011</b>	<b>401</b>	<b>(621,857)</b>

(1) Refer to note 11.2 for further information concerning derivatives instruments.



**Note 12—Information on market risk and fair value of financial assets and liabilities (Continued)**

(in thousands of Swiss Francs)	December 31, 2012 Successor Total	EUR	USD	GBP	CHF
<b>Financial assets (A)</b>	<b>464,434</b>	<b>19,235</b>	<b>3,784</b>	<b>234</b>	<b>441,182</b>
<i>Other non-current assets</i>	6,603	—	—	—	6,603
<i>Trade receivables</i>	318,140	7,827	449	—	309,864
<i>Cash and cash equivalents</i>	139,691	11,408	3,335	234	124,715
<b>Financial liabilities (B)</b>	<b>1,862,053</b>	<b>754,291</b>	<b>1,884</b>	<b>189</b>	<b>1,105,686</b>
<i>Non-current borrowings and other financial liabilities (1)</i>	1,299,857	669,857	—	—	630,000
<i>Trade payables</i>	415,806	48,182	1,799	154	365,669
<i>Fixed assets payables</i>	121,505	24,084	85	35	97,301
<i>Current borrowings and other financial liabilities</i>	24,884	12,168	—	—	12,715
<b>Net exposure (A)-(B)</b>	<b>(1,397,619)</b>	<b>(735,057)</b>	<b>1,899</b>	<b>44</b>	<b>(664,504)</b>

(1) Refer to note 11.2 for further information concerning derivatives instruments.

The following table shows the sensitivity of the Group to a 10% change in the foreign exchange rates of the currency to which they are exposed and the related impact on its income statement:

(in thousands of currency)	December 31, 2013 Successor		
	Purchases during the year	+10% change	-10% change
<i>EUR</i>	162,402	14,764	(18,045)
<i>USD</i>	16,294	1,481	(1,810)
<i>GBP</i>	436	40	(48)

(in thousands of currency)	December 31, 2012 Successor		
	Purchases during the year	+10% change	-10% change
<i>EUR</i>	187,918	17,083	(20,880)
<i>USD</i>	78,200	7,109	(8,689)
<i>GBP</i>	999	91	(111)

10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

## 12.2 Financial instruments

The market value of financial assets and liabilities measured at fair value in the statement of financial position shown in the table below has been ranked based on the three hierarchy levels defined by IFRS 7:

- Level 1: quoted price in active markets;
- Level 2: inputs observable directly or indirectly;
- Level 3: inputs not based on observable market data.

Derivative instruments were the only items measured at fair value and classified as level 2. The company owns no financial instruments classified as level 3.

**Note 12—Information on market risk and fair value of financial assets and liabilities (Continued)**

(in thousands of Swiss Francs)	December 31, 2013 Successor	
	Book value	Estimated fair value
<b>Loans and receivables</b>	<b>510,178</b>	<b>510,178</b>
Other non-current assets	50,236	50,236
Trade receivables	294,969	294,969
Cash and cash equivalents	164,972	164,972
<b>Financial liabilities at amortised cost</b>	<b>(1,787,945)</b>	<b>(1,866,837)</b>
Borrowings and other financial liabilities	(1,245,303)	(1,324,194)
Trade payables	(410,596)	(410,596)
Fixed assets payables	(132,047)	(132,047)
<b>Net derivatives</b>	<b>14,196</b>	<b>14,196</b>

Estimated fair value:

- The carrying amounts of trade receivables and payables are a reasonable estimate of their fair value because of their short-term maturities;
- The carrying amounts of deposits and other items, fixed assets payables and cash and cash equivalents correspond to the fair values;
- The fair value of fixed interest-bearing financial liabilities is estimated on the basis of the maturing future payments discounted at market interest rates.

(in thousands of Swiss Francs)	December 31, 2012 Successor	
	Book value	Estimated fair value
<b>Loans and receivables</b>	<b>464,434</b>	<b>464,434</b>
Other non-current assets	6,603	6,603
Trade receivables	318,140	318,140
Cash and cash equivalents	139,691	139,691
<b>Financial liabilities at amortised cost</b>	<b>(1,827,685)</b>	<b>(1,923,377)</b>
Borrowings and other financial liabilities	(1,290,374)	(1,386,067)
Trade payables	(415,805)	(415,805)
Fixed assets payables	(121,505)	(121,505)
<b>Net derivatives</b>	<b>(2,035)</b>	<b>(2,035)</b>

Gains and losses related to financial assets and liabilities are as follows:

(in thousands of Swiss Francs)	January 1, 2013 to December 31, 2013 Successor			
	Net finance costs	Other operating expenses and income	Revenue	Other comprehensive income
Other non-current assets	10	—	—	—
Trade receivables	—	717	(844)	—
Other receivables	—	(6)	—	—
Cash and cash equivalents	268	—	—	—
Borrowings and other financial liabilities	(92,231)	—	—	—
Trade payables	—	(4,355)	—	—
Net derivatives	2,919	1,751	—	(4,589)

**Note 12—Information on market risk and fair value of financial assets and liabilities (Continued)**

<b>March 1, 2012 to December 31, 2012 Successor</b>				
<b>(in thousands of Swiss Francs)</b>	<b>Net finance costs</b>	<b>Other operating expenses and income</b>	<b>Revenue</b>	<b>Other comprehensive income</b>
Other non-current assets	20	—	—	—
Trade receivables	—	(240)	(1,115)	—
Other receivables	—	19	—	—
Cash and cash equivalents	1,804	—	—	—
Borrowings and other financial liabilities	(93,366)	—	—	—
Trade payables	—	2,070	—	—
Net derivatives	2,463	—	—	(9,756)

<b>January 1, 2012 to February 29, 2012 Predecessor</b>				
<b>(in thousands of Swiss Francs)</b>	<b>Net finance costs</b>	<b>Other operating expenses and income</b>	<b>Revenue</b>	<b>Other comprehensive income</b>
Other non-current assets	47	—	—	—
Trade receivables	—	(1,129)	(174)	—
Other receivables	—	(1)	—	—
Cash and cash equivalents	58	—	—	—
Borrowings and other financial liabilities	(2,589)	—	—	—
Trade payables	—	150	—	—
Net derivatives	—	—	—	—

**Note 13—Other operating results, assets, liabilities & equity**

**13.1 Other operating results**

<b>(in thousands of Swiss Francs)</b>	<b>January 1, 2013 to December 31, 2013 Successor</b>	<b>March 1, 2012 to December 31, 2012 Successor</b>	<b>January 1, 2012 to February 29, 2012 Predecessor</b>
Net foreign gain / (loss) exchange on trade payables and receivables	(1,876)	1,435	(323)
Customer bad debt	(15,477)	(6,520)	(2,306)
Spectrum fees	(11,961)	(8,905)	(1,460)
Other (1)	5,925	1,267	7,267
<b>Other operating results</b>	<b>(23,389)</b>	<b>(12,723)</b>	<b>3,178</b>

(1) In 2012, capital tax has been reclassified as financial expense from 1st March 2012. Please refer to note 11

**13.2 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts.

Cash and cash equivalents at the end of the periods presented were as follows:

<b>(in thousands of Swiss Francs)</b>	<b>December 31, 2013 Successor</b>	<b>December 31, 2012 Successor</b>
Cash and bank balances	164,972	139,691
Bank overdraft	—	—
<b>Cash and cash equivalents net</b>	<b>164,972</b>	<b>139,691</b>

## Note 13—Other operating results, assets, liabilities & equity (Continued)

### 13.3 Other assets

Other assets mainly consist of:

(in thousands of Swiss Francs)	December 31, 2013 Successor			December 31, 2012 Successor		
	Current	Non-current	Total	Current	Non-current	Total
Assets available for sale (1)	—	23	23	—	23	23
Other non-current assets	—	16,476	16,476	—	6,580	6,580
Loan receivables (2)	—	33,737	33,737	—	—	—
Others	11,929	—	11,929	9,596	—	9,596
<b>Other assets</b>	<b>11,929</b>	<b>50,236</b>	<b>62,165</b>	<b>9,596</b>	<b>6,603</b>	<b>16,199</b>

(1) The non-consolidated investment classified as assets available for sale is related to 23% shares of Teldas AG for an amount of 23 KCHF at December 31, 2013 (23 KCHF at December 31, 2012).

(2) Loan receivables are intercompany loans with shareholder and accrued interests' receivable from shareholders (Mark-to-market derivatives).

### 13.4 Equity

#### Share capital

Matterhorn Mobile Holdings S.A. was incorporated under the laws of the Grand Duchy of Luxemburg on December 23, 2011 with a share capital of CHF 80,000 (comprising 80,000 ordinary shares with a par value of CHF 1).

The extraordinary shareholders' meeting, held on February 28, 2012, decided to increase the share capital by CHF 147,661,009 (comprising 147,661,009 ordinary shares with a par value of CHF 1) and to contribute an amount of CHF 590,645,388 to the Company's share premium account.

On September 12, 2012, the Group proceeded to a partial repayment of the share premium to Matterhorn Midco & Cy S.C.A (Shareholder of the parent company of the Group) for an amount of CHF 91,800,000.

On October 1, 2012, the Group proceeded to a share premium increase amounting to CHF 1,240,307.

On April 1, 2013, the Group proceeded to a share premium increase amounting to CHF 750,000.

Therefore, the total amount of share premium amounted to CHF 500,835,695 as at December 31, 2013.

### 13.5 Other liabilities

(in thousands of Swiss Francs)	December 31, 2013 Successor			December 31, 2012 Successor		
	Current	Non-current	Total	Current	Non-current	Total
VAT payables	9,386	—	<b>9,386</b>	6,296	—	<b>6,296</b>
Deposits payables	2,443	—	<b>2,443</b>	3,507	—	<b>3,507</b>
Other liabilities	13,108	11,063	<b>24,171</b>	9,414	758	<b>10,172</b>
<b>Other liabilities</b>	<b>24,937</b>	<b>11,063</b>	<b>36,000</b>	<b>19,218</b>	<b>758</b>	<b>19,976</b>

### 13.6 Current Employee benefits obligations

As at December 31, 2013, Current Employee benefits obligations mainly consists of bonus payables for CHF 9.8 million and Holidays allowances for CHF 1.5 million (as at December 31, 2012, CHF 9.9 million and CHF 1.9 million, respectively).

## Note 14—Scope of consolidation

The Group consists of the following entities:

Legal entity	Country of incorporation	Equity interest	Nature of business
Matterhorn Mobile Holdings S.A.	Luxembourg	Parent Entity	Holding
Matterhorn Mobile S.A.	Luxembourg	100%	Holding
Orange Communications SA (« OCH »)	Switzerland	100%	Communications
Orange Network SA (« ONW »)	Switzerland	100%	Communications Network
Orange Liechtenstein AG (« OFL »)	Liechtenstein	100%	Communications

## Note 15—Related parties

### 15.1 Directors and Executive Officers

The total remuneration of directors and executive officers is as follows:

(in thousands of Swiss Francs)	December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Board of Directors	66	—	—
Former Executive officers	3,138	444	—
Active Executive officers	4,024	3,640	526
<b>Executive Officers</b>	<b>7,163</b>	<b>4,084</b>	<b>526</b>
<b>Remuneration</b>	<b>7,229</b>	<b>4,084</b>	<b>526</b>

Remuneration consists of:

(in thousands of Swiss Francs)	December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Short-term benefits	7,229	4,084	526
<b>Short-term benefits</b>	<b>7,229</b>	<b>4,084</b>	<b>526</b>

### 15.2 Related enterprises

The following related party transactions (conducted at arm's length) have been recorded (shareholders and Group Companies):

(in thousands of Swiss Francs)	December 31, 2013 Successor	March 1, 2012 to December 31, 2012 Successor	January 1, 2012 to February 29, 2012 Predecessor
Interest on loans	—	—	(2,655)
Brand and management fees (1)	—	—	(4,991)
Monitoring fees (2)	(4,000)	(3,053)	—
Intercompany hedges	(2,375)	—	—
Roaming expenses and other	—	—	(2,610)
Roaming income and other	—	—	13,157
<b>Shareholder and affiliates balances</b>	<b>(6,375)</b>	<b>(3,053)</b>	<b>2,902</b>

(1) Brand and Management fees paid to France Telecom

(2) Monitoring fees paid to APAX Partners

## Note 15—Related parties (Continued)

The following related party balances were outstanding at the end of the reporting period:

(in thousands of Swiss Francs)	December 31, 2013 Successor	December 31, 2012 Successor
<b>Shareholders and affiliates balances</b>		
<b>Assets</b>		
Non-current hedging derivatives assets	1,195	1,933
Loan receivables	33,737	—
Current hedging derivatives assets	—	—
Other current assets	—	1,649
<b>Liabilities</b>		
Non-current hedging derivatives liabilities	(1,399)	—
Current hedging derivatives liabilities	(1,196)	(958)
Loan payables (interests)	(160)	—

As at December 31, 2013, there was no recognised loss on related party receivables (December 31, 2012, nil).

## Note 16—Unrecognised contractual commitments

To the best of Management knowledge, there were no existing commitments, other than those described in this note, likely to have a material effect on the current or future financial position of the Group.

The table below provides a schedule of unrecognised commitments and contractual obligations at the end of each reporting period.

### 16.1 Rental commitments

(in thousands of Swiss Francs)	December 31, 2013 Successor Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Rental commitments :							
Property (1)	176,806	51,200	41,207	25,034	21,069	16,756	21,540
Rental commitments :							
Vehicules	1,459	721	618	95	26	—	—
<b>Rental commitments</b>	<b>178,265</b>	<b>51,920</b>	<b>41,825</b>	<b>25,129</b>	<b>21,094</b>	<b>16,756</b>	<b>21,540</b>

(1) Commitments related to offices (Zürich, Renens and Biel), shops loans and network sites

(in thousands of Swiss Francs)	December 31, 2012 Successor Total	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Rental commitments :							
Property (1)	170,594	52,864	33,715	23,621	18,784	14,748	26,862
Rental commitments :							
Vehicules	1,399	529	480	389	1	—	—
<b>Rental commitments</b>	<b>171,993</b>	<b>53,394</b>	<b>34,195</b>	<b>24,009</b>	<b>18,785</b>	<b>14,748</b>	<b>26,862</b>

(1) Commitments related to offices (Zürich and Renens), shops loans and network sites



## Note 16—Unrecognised contractual commitments (Continued)

### 16.2 Investments and goods and services purchase commitments

(in thousands of Swiss Francs)	December 31, 2013 Successor Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets and transmission capacity (1)	58,000	58,000	—	—
Purchase of handsets (1)	74,438	74,438	—	—
Other commitments related to the purchase of goods and services	36,336	36,336	—	—
<b>Investment and goods and services purchase commitments</b>	<b>168,774</b>	<b>168,774</b>	<b>—</b>	<b>—</b>

(1) Commitments related to open purchase orders on Network fixed assets and handsets

(in thousands of Swiss Francs)	December 31, 2012 Successor Total	< 1 year	1-2 years	> 2 years
Investments commitments in network assets and transmission capacity (1)	44,197	44,197	—	—
Purchase of handsets (1)	125,779	125,779	—	—
Other commitments related to the purchase of goods and services	77,488	18,488	59,000	—
<b>Investment and goods and services purchase commitments</b>	<b>247,464</b>	<b>188,464</b>	<b>59,000</b>	<b>—</b>

(1) Commitments related to open purchase orders on Network fixed assets and handsets

### 16.3 Off-balance sheet commitments

The Company is obliged to respect certain financial and non-financial covenants as set out in the Revolving Credit Facility (“RCF”) Agreement dated September 11, 2012. If certain covenant ratios are not met this may result in the increase of the margin payable on the drawn amounts and of the fees or, in the case of an Event of Default as defined in the Revolving Credit Facility Agreement, in the acceleration of the agreement and consequently (i) in the immediate cancellation of all outstanding commitments and (ii) in the drawn amounts becoming immediately repayable on demand. As at December 31, 2013, the Company had not drawn down any amount under the RCF Agreement.

Certain non-financial covenants as further described in the indentures to the senior secured notes issued by the Company and its subsidiaries are to be respected. If these are not met, this may result in an Event of Default and in the principal and the accrued unpaid interest becoming due and payable immediately.

The Company entered into a Quote Indemnification Agreement with Gartner Inc. (“Gartner”) in which Gartner consents to the quotation of the Gartner Material as listed in the exhibit to the Quote Indemnification Agreement in the Offering Memorandum filed by the Company with the Commission de Surveillance du Secteur Financier in Luxembourg (the “Offering Memorandum”). The consent of Gartner was conditional upon the Company guaranteeing the indemnification and the holding harmless of Gartner, its subsidiaries and other representatives of Gartner as defined in the agreement, from and against all claims, liabilities, demands, etc. arising directly or indirectly, and without limitation, out of or in connection with the Offering Memorandum.

Pursuant to the Acquisition Agreement, a purchase price adjustment up to CHF 270.0 million is owed by the Company to France Telecom in the event of a combination with Sunrise Mobile Communications AG (hereafter, “Sunrise”) within five years of the Completion Date. In addition, if such a combination or certain other strategic

#### **Note 16—Unrecognised contractual commitments (Continued)**

cooperation transactions occur within the same period, as a result of which, APEM receives at least 2.5 times (on a cash basis) its original investment in the Group, the Senior Secured Notes Issuer (Matterhorn Mobile S.A.) will be obligated to pay an “earn out” to France Telecom in an amount equal to a percentage of APEM’s cash return on its investment in excess of the 2.5x threshold up to a cap.

#### **16.4 Guarantees given**

On February 3, 2012, the Company and Matterhorn Mobile S.A. (the “Subsidiary”) entered into a pledge over certain bank accounts of the Company and the Subsidiary in favour of the Beneficiary as defined in the pledge agreements to secure the obligations of the Company and of the Subsidiary resulting from the Revolving Credit Facility Agreement, from the Indentures of the Senior Secured Notes (the “Obligations”) and from the cross currency swaps.

On the same date, the Company and the Subsidiary entered into a pledge over the receivables of Orange Communications S.A. and the Subsidiary entered into a share pledge agreement over the shares in Orange Communications S.A, the dividends on the shares and any other related assets. In addition, the Subsidiary entered into a Swiss Security Assignment Agreement according to which it assigns all existing and future claims and rights under the acquisition agreement of the shares in Orange Communications S.A, together with any preferential and accessory rights attached thereto to the Beneficiary of the Security Assignment Agreement to secure the Obligations. The shares of the Subsidiary are subject to a pledge entered into by the Company.

#### **Note 17—Share-Based Payment**

Certain managers of Orange Communications S.A. can participate in investment programs to align their interests with those of the shareholders.

Matterhorn Topco & Cy S.C.A (an indirect parent of the Company) sold equity instruments to participating managers of Orange Communications S.A.

The programs fall under the scope of IFRS 2—Share-Based Payment, and qualify as equity settled plans at the Matterhorn Mobile Holdings S.A level. No expense was recognized in the reporting period and there is no outstanding balance as of December 31, 2013 in relation to these programs.

#### **Note 18—Litigations**

As at December 31, 2013, the Group had no material unprovided pending or threatened litigation with third parties.

As at December 31, 2012, the Group had no material unprovided pending or threatened litigation with third parties.

#### **Note 19—Subsequent events**

No significant subsequent event has occurred.

**REGISTERED OFFICE OF THE  
SENIOR SECURED NOTES ISSUER**

**Matterhorn Telecom S.A.**  
1-3 Boulevard de la Foire,  
L-1528 Luxembourg  
Grand Duchy of Luxembourg

**REGISTERED OFFICE OF THE  
SENIOR NOTES ISSUER**

**Matterhorn Telecom Holding S.A.**  
1-3 Boulevard de la Foire,  
L-1528 Luxembourg  
Grand Duchy of Luxembourg

**LEGAL ADVISORS TO THE ISSUERS**

*As to U.S. and English law*

**Shearman & Sterling (London) LLP**  
9 Appold Street  
London EC2A 2AP  
United Kingdom

*As to Swiss law*

**Bär & Karrer AG**  
Brandschenkestrasse 90  
CH-8027 Zürich  
Switzerland

*As to Luxembourg law*

**Bonn Steichen & Partners**  
2, rue Peternelchen  
L-2370 Howald  
Grand Duchy of Luxembourg

**LEGAL ADVISORS TO THE INITIAL PURCHASERS**

*As to U.S. and English law*

**Simpson Thacher & Bartlett LLP**  
CityPoint  
One Ropemaker Street  
London EC2Y 9HU  
United Kingdom

*As to Swiss law*

**Pestalozzi Attorneys at Law Ltd**  
Loewenstrasse 1  
CH-8001 Zürich  
Switzerland

*As to Luxembourg law*

**Linklaters LLP**  
35, avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**SECURITY  
AGENT**

**Société Générale**  
29, Boulevard Haussmann  
75009 Paris  
France

**REGISTRAR AND  
TRANSFER AGENT**

**Deutsche Bank Luxembourg S.A.**  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Grand Duchy of Luxembourg

**SENIOR SECURED NOTES  
TRUSTEE AND SENIOR  
NOTES TRUSTEE**

**Deutsche Trustee  
Company Limited**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**PAYING AGENT AND  
CALCULATION AGENT**

**Deutsche Bank AG, London  
Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**LEGAL ADVISORS TO THE TRUSTEE**

**White & Case LLP**  
5 Old Broad Street  
London EC2N 1DW  
United Kingdom

**INDEPENDENT AUDITORS OF THE SENIOR NOTES ISSUER AND MMH**

**Deloitte Audit Société à responsabilité limitée**  
560, rue de Neudorf,  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

**LISTING AGENT**

**Deutsche Bank Luxembourg S.A.**  
2, Boulevard Konrad Adenauer  
L-1115 Luxembourg  
Grand Duchy of Luxembourg



**CHF 2,016,510,000 (equivalent) Senior Secured Notes and Senior Notes**  
**CHF 1,758,010,000 (equivalent) Senior Secured Notes**  
**CHF 450,000,000 3.625% Senior Secured Notes due 2022**  
**€1,000,000,000 3.875% Senior Secured Notes due 2022**  
**€265,000,000 Floating Rate Senior Secured Notes due 2022**  
**issued by**

**Matterhorn Telecom S.A.**

**€250,000,000 4.875% Senior Notes due 2023**  
**issued by**

**Matterhorn Telecom Holding S.A.**

---

## **OFFERING MEMORANDUM**

---

April 15, 2015